

7739. Also, resolution of the Rossmore Safety Club, Rossmore, W. Va., opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7740. Also, resolution of the Elverton Safety Club, Elverton, W. Va., protesting against the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7741. Also, resolution of the Laurel Creek Safety Club, Laurel Creek, W. Va., opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7742. Also, resolution of the Milburn Safety Club, Milburn, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7743. By Mr. SUTPHIN: Resolution of the Chamber of Commerce of South Plainfield, favoring reduction of the taxes and balancing of the Budget; to the Committee on Economy.

7744. By Mr. SWING: Petition signed by 209 residents of National City, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

7745. By Mr. WATSON: Resolutions adopted by the Lumbermen's Exchange of the city of Philadelphia, relative to motor-truck and water-borne transportation; to the Committee on Interstate and Foreign Commerce.

SENATE

SATURDAY, MAY 14, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 11 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kean	Smith
Austin	Dale	Kendrick	Smoot
Bankhead	Dickinson	Keyes	Steiwer
Barbour	Dill	King	Stephens
Barkley	Fess	La Follette	Thomas, Idaho
Blaine	Fletcher	Logan	Thomas, Okla.
Borah	Frazier	Long	Townsend
Bratton	George	McGill	Trammell
Broussard	Goldsbrough	McNary	Tydings
Bulow	Hale	Metcalf	Vandenberg
Byrnes	Harrison	Moses	Wagner
Capper	Hastings	Norris	Walsh, Mass.
Caraway	Hayden	Nye	Walsh, Mont.
Cohen	Hebert	Patterson	Watson
Connally	Howell	Robinson, Ark.	Wheeler
Coolidge	Hull	Robinson, Ind.	
Copeland	Johnson	Sheppard	
Costigan	Jones	Shortridge	

Mr. HULL. I desire to announce that my colleague the senior Senator from Tennessee [Mr. McKellar] is unavoidably detained by illness.

Mr. FESS. I desire to announce that the Senator from West Virginia [Mr. Hatfield] is detained in a committee meeting, and the Senator from Nevada [Mr. Oddie] is also detained from the Senate on official business.

The VICE PRESIDENT. Sixty-nine Senators have answered to their names. A quorum is present. House bill 10236 is before the Senate, and the question is on the amendment proposed by the Senator from Michigan [Mr. Couzens].

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a joint resolution (H. J. Res. 382) making an additional appropriation for printing and binding for Congress for the fiscal year 1932, in which it requested the concurrence of the Senate.

EXPENSES OF ALABAMA SENATORIAL CONTEST

Mr. SHORTRIDGE. Mr. President, as chairman of the Committee on Privileges and Elections, I have been asked to request unanimous consent to take up at this time Senate Resolution 213, a resolution further increasing the limit of expenditures in the matter of the Heflin-Bankhead senatorial contest from the State of Alabama. The resolution

was introduced, referred to the appropriate committee, reported with an amendment, and I understand that as amended the resolution is agreeable to both contestant and contestee. Wherefore I am making this request.

Mr. KING. Mr. President—

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Utah?

Mr. SHORTRIDGE. I yield.

Mr. KING. Has the matter been brought to the attention of the full committee? I am the ranking minority member of the committee, and I never heard of it.

Mr. SHORTRIDGE. The chairman of the subcommittee [Mr. Hastings] will make answer to the Senator.

Mr. SMOOT. Mr. President, is this going to lead to debate?

Mr. KING. It will.

Mr. SHORTRIDGE. I do not think it will; or, rather, I had hoped it would not.

Mr. SMOOT. If it is going to lead to debate, I must object.

The PRESIDENT pro tempore. Objection is made.

Mr. SHORTRIDGE. I hope that when consideration of the resolution is again suggested there will not be any objection or any prolonged debate. There are certain expenditures that have been incurred. The parties to the contest have expressed satisfaction with the resolution as it was and is amended. Of course, if there is objection, the matter will have to rest for further consideration.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 382) making an additional appropriation for printing and binding for Congress for the fiscal year 1932 was read twice by its title and referred to the Committee on Appropriations.

IMPORTATIONS OF WOOD PULP—REVISED DATA

The VICE PRESIDENT laid before the Senate a letter from the acting chairman of the United States Tariff Commission relative to its recent report on wood pulp and pulpwood (presenting tables showing the production during the three years 1929, 1930, and 1931 of a large number of domestic pulp mills) submitting additional data on pulp mills, revising and correcting the figures previously presented, which, with the accompanying paper, was referred to the Committee on Finance.

PETITIONS AND MEMORIALS

Mr. SHORTRIDGE presented telegrams in the nature of memorials from Margaret O'Reilly, president of the Hibernian organization, and Mrs. Charles O'Donnell Lee, jr., president of the Altar Society of the Old Santa Barbara Mission, both of Santa Barbara, Calif., remonstrating against the passage of the bill (S. 3907) to amend section 211 of the Criminal Code, as amended (relating to certain nonmailable matter), especially with reference to the dissemination of birth-control information, which were referred to the Committee on the Judiciary.

Mr. TYDINGS presented a resolution adopted by Wicomico Post, No. 64, American Legion, of Salisbury, Md., favoring elimination of the interest rate on veterans' adjusted-service certificates, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Snow Hill-Worcester Chamber of Commerce, at Snow Hill, Md., favoring the prompt balancing of the Budget and retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens of the State of Maryland, remonstrating against reductions in the compensation of Federal employees or adoption of the so-called furlough plan in the Federal service, which was referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens of the State of Maryland, remonstrating against reductions in the compensation of Federal employees, the dismissal of certain married persons in the Government service, etc., which was referred to the Committee on Appropriations.

Mr. BARBOUR presented a resolution adopted by the board of directors of the New Jersey Insurance Co., at New York City, N. Y., favoring the repeal of the recapture clause of the transportation act of 1920, which was referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by the Republican Veterans' Association of New Jersey, Trenton, N. J., favoring the immediate repeal of the eighteenth amendment of the Constitution and the Volstead Act, which were referred to the Committee on the Judiciary.

He also presented a memorial of sundry citizens of the State of New Jersey, being members and friends of the South Jersey Radio Association, remonstrating against the passage of legislation to tax amateur radio stations and operators (known as House bill 7716), which was referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by the Lions Club of Trenton and the Kiwanis Club of Hackensack, both in the State of New Jersey, favoring the balancing of the Budget and retrenchment in governmental expenditures, which were referred to the Committee on Appropriations.

Mr. JONES presented a resolution adopted by John Wannebo Camp, No. 9, United Spanish War Veterans, of Everett, Wash., favoring the passage of legislation to provide for the stabilization of values of imports from countries changing their monetary standards, which was referred to the Committee on Finance.

He also presented a memorial of members of the Seattle Yacht Club, of Seattle, Wash., remonstrating against the imposition of a 10 per cent tax on motor boats and yachts, which was ordered to lie on the table.

He also presented a resolution adopted by Tacoma Council, No. 12, Junior Order of United American Mechanics, of Tacoma, Wash., indorsing the so-called Moore bill, restricting the immigration of aliens, which was referred to the Committee on Immigration.

He also presented the petition of the Daughters of the American Revolution of the State of Washington, praying for the passage of legislation making it a crime to advocate or promote the overthrow or destruction of the Government of the United States by force or violence and also certain restrictive immigration measures, which was referred to the Committee on the Judiciary.

Mr. KEAN presented a statement from Albert I. Mehrbach, of East Orange, N. J., relative to the so-called Mehrbach plan for the protection of bank depositors, which was referred to the Committee on Banking and Currency.

He also presented a joint resolution adopted by the Legislature of the State of New Jersey, memorializing Congress to provide for the construction of a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation, which was referred to the Committee on Commerce. (See resolution printed in full when presented to-day by Mr. BARBOUR.)

Mr. WALSH of Massachusetts presented papers in the nature of petitions from 1,025 citizens of the State of Massachusetts, praying for the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented papers in the nature of memorials from 110 citizens of the State of Massachusetts, remonstrating against the modification of the Volstead Act or repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented petitions of 550 citizens of the State of Massachusetts, praying for the adoption of an orderly tax program, retrenchment in governmental expenditures, and the defeat of the cash-bonus proposal, which were referred to the Committee on Appropriations.

He also presented papers in the nature of petitions from 190 citizens of the State of Massachusetts, praying for the balancing of the Budget, the defeat of the cash-bonus proposal, the stopping of "all raids on the Treasury," retrenchment in governmental expenditures, but the preservation of the national defense, the enactment of fair sales and stamp

taxes, amendment of the Volstead Act, and the taxation of light wine and beer, which were referred to the Committee on Appropriations.

RESTAURANT IN NEW FEDERAL BUILDING AT BOSTON, MASS.

Mr. WALSH of Massachusetts. Mr. President, I present a letter in the nature of a memorial, signed by sundry citizens and firms, being restaurateurs of Boston, Mass., remonstrating against the appropriation of Government funds for the purpose of installing or operating a restaurant or eating place for employees of the Post Office Department in the new Federal building at Boston, Mass., which I ask may be printed in the RECORD, without the signatures, and referred to the Committee on Appropriations.

There being no objection, the letter in the nature of a memorial was referred to the Committee on Appropriations and ordered to be printed in the RECORD without the signatures, as follows:

BOSTON, MASS., May 9, 1932.

HON. WESLEY L. JONES,

Chairman Senate Committee on Appropriations,

United States Senate, Washington, D. C.

DEAR SIR: We, the undersigned restaurateurs of Boston, are anxious to enlist your aid in presenting a vigorous and immediate protest against the appropriation of Government funds for the purpose of installing or operating an eating place for employees of the Post Office Department in the Boston, Mass., new Federal building. The following points are submitted for your consideration:

1. The Federal building is in the heart of the city, not isolated, and it is a known fact that the restaurant facilities in the immediate vicinity of the proposed building are adequate to meet all existing and future needs.

2. The operation of restaurants by employees' committees in Government buildings on a rent-free basis constitutes unfair competition to a legitimate industry.

3. In many cities such unfair competition has been one of the factors causing the heavy business mortality in the restaurant industry, the seventh among retail trades.

4. This mortality is the subject of study by the United States Department of Commerce in view of eliminating the financial losses it brings about.

5. The operation of restaurants in Government buildings gives no assurance of better food, service, or surroundings than may be had in many near-by eating places, but will add materially to the tremendous deficit under which the Post Office Department is now operating.

Thanking you for the consideration which we feel confident will be given by you in this matter, we remain,

Very sincerely,

SHIP CANAL ACROSS NEW JERSEY

Mr. BARBOUR presented a joint resolution adopted by the Legislature of the State of New Jersey, which was referred to the Committee on Commerce, as follows:

STATE OF NEW JERSEY.

Joint Resolution No. 4, Laws of 1932, memorializing the Congress of the United States to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation

Whereas an inland waterways system has been provided along the entire Atlantic coast with the exception of the short distance through the State of New Jersey; and

Whereas the construction of a ship canal through the State of New Jersey will complete said inland waterways system; and

Whereas the State of New Jersey has heretofore appropriated considerable money for the acquisition of the right of way for such canal, and has from year to year reappropriated said moneys; and

Whereas the State of New Jersey has been and still is ready and willing to furnish the right of way for such canal in accordance with representations heretofore made to the Federal Government: Therefore be it

Resolved by the Senate and General Assembly of the State of New Jersey:

1. That the Congress of the United States is hereby memorialized and requested to appropriate a sufficient sum of money to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation, upon a right of way to be furnished by this State: Be it further

Resolved, That a copy of this resolution be transmitted to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Member in the Senate and House of Representatives of the United States from the State of New Jersey.

3. This joint resolution shall take effect immediately.

Approved May 2, 1932.

STATE OF NEW JERSEY,

DEPARTMENT OF STATE.

I, Thomas A. Mathias, secretary of state of the State of New Jersey, do hereby certify that the foregoing is a true copy of a

joint resolution passed by the legislature of this State and approved by the governor the 2d day of May, A. D. 1932, as taken from and compared with the original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed my official seal at Trenton, this 13th day of May, 1932.

[SEAL.]

THOMAS A. MATHIAS,
Secretary of State.

REPORTS OF COMMITTEES

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 4554) authorizing the Fort Hancock-Porvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex., reported it without amendment and submitted a report (No. 690) thereon.

Mr. AUSTIN, from the Committee on the District of Columbia, to which was referred the joint resolution (H. J. Res. 154) to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes, reported it with amendments and submitted a report (No. 691) thereon.

Mr. FRAZIER, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 1197) to liquidate and refinance agricultural indebtedness and to encourage and promote agriculture, commerce, and industry by establishing an efficient credit system, through which the unjust and unequal burdens placed upon agriculture during the period of price fixing and deflation may be lightened, by providing for the liquidation and refinancing of farm mortgages and farm indebtedness at a reduced rate of interest through the Federal farm loan system, the Federal reserve banking system, and the postal-savings depository system, and creating a board of agriculture to supervise the same, reported it with amendments and submitted a report (No. 692) thereon.

GOVERNMENT PRINTING OFFICE APPROPRIATION

Mr. JONES. Mr. President, the joint resolution (H. J. Res. 382) making an additional appropriation for printing and binding for Congress for the fiscal year 1932 passed the House, came to the Senate, and was referred to and considered by the Appropriations Committee. It provides an immediate appropriation of \$500,000 for the Government Printing Office. This amount was included in the legislative appropriation bill to be made immediately available. That bill, as we know, is now before the committee and we are considering very carefully the legislative part of it. The bill will not pass for some little time yet. It is extremely important that this \$500,000 should be made available. The Public Printer is now taking money from here and there and using it in anticipation of getting this appropriation. A letter sent by the Public Printer to the Appropriations Committee of the House calls attention to the situation, and he closes the letter by saying:

I regret to state that unless measures are taken at once to relieve this imperative need I will be compelled to discontinue all congressional printing, including the Record, and this not later than Monday, May 16, 1932. This would mean our entire congressional force would have to be laid off, as departmental printing is insufficient to keep it employed.

From the Committee on Appropriations I report back favorably without amendment the joint resolution and ask for its immediate consideration.

The PRESIDENT pro tempore. The Senator from Washington asks unanimous consent for the present consideration of the joint resolution. Is there objection?

There being no objection, the joint resolution was read at length, ordered to a third reading, read the third time by title, and passed, as follows:

Resolved, etc., That the sum of \$500,000 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for printing and binding for Congress, including the same objects and under the same conditions specified under the appropriation "Public printing and binding, Government Printing Office, 1932," contained in the legislative appropriation act for the fiscal year ending June 30, 1932.

REPORTS OF THE NAVAL AFFAIRS COMMITTEE

As in executive session,

Mr. HALE, from the Committee on Naval Affairs, reported the nomination of Capt. John W. Greenslade to be a rear

admiral in the Navy from the 1st day of May, 1932, and also the nomination of sundry officers in the Navy and the Marine Corps, which were placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. COPELAND:

A bill (S. 4663) granting a pension to Matt Henson; to the Committee on Pensions.

By Mr. TYDINGS:

A bill (S. 4664) granting a pension to Max Shar (with accompanying papers); to the Committee on Pensions.

By Mr. JONES:

A bill (S. 4665) granting a pension to Adah C. Seed (with accompanying papers); to the Committee on Pensions.

By Mr. LOGAN:

A joint resolution (S. J. Res. 158) proposing an amendment to the Constitution of the United States fixing the terms of President and Vice President and Members of the House of Representatives; to the Committee on the Judiciary.

REVENUE AND TAXATION—AMENDMENTS

Mr. COPELAND submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

On page 48, after line 19, insert a new subsection, as follows:

"(c) In any case in which the statute of limitations, as to credits and refunds, in this act or prior revenue acts has not run against a husband and wife, and until such statute shall have run against them, either or both may file under this act and under such prior acts an amended joint return to take the place of the individual returns filed by them or amended separate returns to take the place of the joint return filed by them, if the change will cause a combined lesser tax than the joint return or individual returns originally filed."

Mr. CONNALLY. Mr. President, I send to the desk and ask to have printed and lie on the table a proposed amendment to the pending revenue bill, House bill 10236, providing for the excess-profits tax which we had during the wartime.

The PRESIDENT pro tempore. The amendment intended to be proposed by the Senator from Texas will be received, printed, and lie on the table.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the President pro tempore:

S. 3584. An act to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes;

S. 4193. An act to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock;

S. J. Res. 36. Joint resolution to change the name of the island of "Porto Rico" to "Puerto Rico"; and

H. J. Res. 382. Joint resolution making an additional appropriation for printing and binding for Congress for the fiscal year 1932.

HUNDRETH ANNIVERSARY OF MORSE SIMPLIFIED TELEGRAPH CODE

Mr. COPELAND. Mr. President, it was a hundred years ago to-day that Samuel F. B. Morse announced the use of the simplified telegraph code. It seems a pity that we must have reminders of these great anniversaries. Recently I had a letter from the granddaughter of Mr. Morse, Miss Leila Livingston Morse, stating:

It was 100 years ago in Paris, after seeing the early efforts of the French telegraphs (without electricity), that there came to him instantaneously the use of the simplified code transmitted by electricity. After 12 years of work to perfect an instrument and heroic effort to get Congress to make an appropriation for an experimental line, the first message was sent, in 1844, from Wash-

ington. This year marks the one hundredth commemoration of his inspiration, to which Fenimore Cooper (then living in Paris) testified in some of his works. There was a joint session of the Senate and House on the occasion of my grandfather's funeral in 1872.

It seems that the first message was sent from a room in New York University in Washington Square and was distinctly heard over 10 miles of wire. The message was, "Attention, the universe; by kingdoms, right wheel."

Then a later message of longer reach, "What hath God wrought?" was sent from what was then the Supreme Court room in the Capitol, received in Baltimore, and immediately answered.

Mr. President, it seems fitting that at least this brief reference should be made to this remarkable discovery, and I ask that, as a part of my remarks, an editorial in this morning's New York Times, entitled "Morse the Intelligencer," be printed with my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times, May 14, 1932]

MORSE THE INTELLIGENCER

The first clear prophecy of the alphabet known as the Morse code and of the instrument for its use is to be found in a statement which Samuel F. B. Morse made aboard the packet ship *Sully* on his way home from Europe in 1832:

"If the presence of electricity can be made visible in any part of the circuit, I see no reason why intelligence may not be transmitted by electricity."

Though he was among the first painters of his time and the first president of the Academy of Design, from that day he was in the way of establishing a name for himself in another field. He became in time the "Intelligencer" of the world.

The first message, sent from a room in New York University in Washington Square and distinctly heard over 10 miles of wire—"Attention, the universe; by kingdoms, right wheel"—had a prophetic suggestion of the future reach of the clicking messages borne by electricity along the wires of which there are now some six or seven millions of miles—and many of them still using the means of communication invented by the son of Jedediah Morse, the early American geographer. The first message of longer reach, "What hath God wrought?" sent from what was then the Supreme Court room in the Capitol, received in Baltimore, and immediately answered, will be especially remembered by the ceremonies in the same room (now the library on the second floor of the Capitol) to be held this afternoon, beginning with a telegram from the President of the United States and the use of the same instrument that Morse used, and followed by a radio program in which European countries, from England to Italy, will take part.

It is not contended that Morse discovered the principle of electromagnetic transmission, but he was the first to devise the alphabet by which electricity could transmit in that universal language the words of men of divers tongues, and the first to construct the device for their utterance. In a very real sense his lines have gone throughout the earth, and there is no language nor speech in which the voice of his instrument is not heard—a Pentecostal code wherein each man can know his neighbor's thought though separated by half the globe.

Word comes by his tele-speech that the ruins of the supposed Tower of Babel have been unearthed in Mesopotamia. Confusion of tongues still prevails in the earth, but there is promise of a "whole earth of one language and of one speech" again through the perfected and extended means of communicating intelligence—and Morse is one of its prophets. The nations of the earth have wheeled right or left at the command of peoples possessed of the far-speaking instruments with which in train of his telegraph democracies have been "implemented."

Mr. DILL. Mr. President, somewhat in keeping with what the Senator from New York has just said, I want to call attention to the marvelous advance in the use of electricity for transmitting the human voice by reference to an article in the New York Times of this morning, which explains how, at the opening of a building last night on Pine Street, 60 Wall Tower, a man's voice was carried on moonbeams, and how moonbeams were used not only to transmit his voice but were used to light the electric lights on the tower of the building. This was done by a photo-electric cell moonbeam condenser which worked as perfectly as any wire connection that could be devised. I only mention that by way of bearing out the remarks of the Senator from New York as to how far we have advanced in the use of electricity in transmitting the human voice.

PROTECTION OF LABOR BY TARIFF ON COPPER

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an editorial

from the Salt Lake Tribune of May 9, 1932, relative to the imposition of a tariff on copper and thereby protecting labor.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PROTECTING LABOR

In the popular mind of the West, particularly that part of it which depends in some measure upon copper production for sustenance, there will be no doubt but what the Senate Finance Committee acts wisely in restoring the projected tariffs on copper. Long before this many American families have been visibly impressed with the vital part that copper production plays in daily existence.

They have seen their means of livelihood dissipated by an overabundance of the red metal and attendant declining prices. Those remaining in the industry on a part-time basis know that they eke out an existence in a large measure by the sufferance and the fortitude of the industry. Their only hope, under existing conditions, is to be found in the remedy which it is now proposed to apply—a tariff, which will afford them a measure of protection against foreign competition.

There was a time when the industry itself needed this protection to endure, but in the past score of years it has been able to more than meet the competition of foreign production. Its position now, however, is not so promising. The tenure of those dependent upon this activity for a livelihood is less secure, if it is not altogether uncertain.

At this time the need of a copper tariff is felt keenly by those dependent upon the industry for the support of their families. In the Western States, particularly, a considerable number of people are directly engaged in the process of copper production. Their misfortunes are reflected to other lines of business and industrial endeavor.

Without some protection against heavy importations and without some encouragement to American production, their economic place in the life of the West is threatened with complete dissipation. The copper tariff seeks to preserve in some measure their accustomed place in the industrial life of the West. Without this protection they are faced with the necessity of finding new occupations at a time when every field of endeavor is seriously disturbed by its own surpluses. The proposed tariff is not to be confused with endeavors to foster infant enterprises. Rather it is a well-reasoned effort to protect labor against industrial decay, preserving so far as possible the labor fabric of a gigantic industry.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Michigan [Mr. COUZENS].

Mr. HARRISON. Mr. President, are we about to have a vote taken on the amendment?

The PRESIDENT pro tempore. The pending question is on agreeing to the amendment proposed by the Senator from Michigan. The Chair will state, however, that that amendment is divisible, if any Senator wishes to have it divided.

Mr. SMOOT. Mr. President, I ask for the yeas and nays.

The PRESIDENT pro tempore. On this question the yeas and nays are demanded. Is the demand sufficiently seconded?

Mr. LONG. Mr. President, a parliamentary inquiry. Is the roll about to be called on the amendment of the Senator from Michigan?

The PRESIDENT pro tempore. The yeas and nays have not as yet been ordered. Is the demand seconded? A sufficient number having seconded the demand for the yeas and nays, they are now ordered.

Mr. DILL. Mr. President, I shall not delay the Senate for any extended speech, but I want to give voice to my views regarding the pending amendment and what its adoption or rejection would mean in connection with the bill now before us, both as to raising revenue and as to its effect upon the people of this country.

Everybody agrees that we must raise revenue by new taxes. The whole question is, Who is to pay these new taxes? We are not going to get them from the 8,000,000 unemployed in this country; we are not going to get them from the farmers, who have been losing their homes and farms, who have been receiving 30 cents a bushel for their wheat, 3 cents a pound for their hogs, 50 cents apiece for their sheep, 10 cents a pound for their wool, and 5 cents a pound for their cotton. We are not going to get them from the people who have had swept away their life savings in 4,000 banks which have

closed their doors since the panic began. The whole question is, From whom will we secure these taxes?

There are two sources from which we can collect them. One is from the people who are still working on part time, from the small business men who are struggling to keep out of bankruptcy, and from those who still have small savings that have not been entirely exhausted; or we can take them from the people who are still receiving large incomes and who have large accumulations of wealth which can be reached by inheritance taxes.

I do not want by anything I may say to seem to take sides or to array classes one against another, but I do not see how it is possible for any man to close his eyes to the fact that a large part of this burden of more than a billion dollars in new taxes can better be paid by those who still receive substantial incomes, and especially by those few who are still receiving enormous incomes, than it can be borne by the millions of common men who are still keeping their heads above water but are on the edge of bankruptcy or on the verge of losing their jobs or their business.

In last night's Washington News there was an editorial to the effect that 31 per cent of the income of our people is being paid each year in the form of taxes, Federal, State, and local. The editorial pointed out that those who do not have property upon which to pay taxes pay their share of the taxes in the added cost of food, clothing, rent, and other necessities of life. If we adopt the amendment of the Senator from Michigan, we shall be able to avoid adding to the taxes on the necessities of life and on the things used in new production throughout the country. If we do not adopt such taxes, then we must raise considerably more revenue, amounting to between \$200,000,000 and \$300,000,000, by taxes upon business of various kinds that have to do directly with the daily life of our people.

I do not know in any detail how those who have big fortunes from which they will secure during the coming year immense incomes accumulated them, but I do know that some of them were acquired by indefensible methods upon the stock exchanges of this country.

I want to call attention to what happened in connection with the boosting of the prices of stocks of the great industrial and business organizations of this country and what has happened since the panic began. If during the period of boom prices on the stock exchange any citizen bought 1 share of each of the 14 leading industrial stocks on the New York exchanges which I shall mention, he would have paid \$2,530 for them. If he sold them yesterday at the prices then prevailing, he would have received a very small percentage of that amount; in fact, he would have received only \$165. Let me give the Senate some of the figures.

The United States Steel Co. stock in July, 1929, was selling at \$261.75 a share; yesterday it sold at \$27.25;

New York Central Railway stock sold in 1929 at \$256.50 a share; yesterday it sold at \$11;

The stock of the American Machine & Foundry Co. sold in 1929 was \$279.75; yesterday at sold at \$12.75;

The stock of the Westinghouse Electric Co. in 1929 sold at \$292.50 a share, while yesterday it sold at \$23.25;

The stock of the J. I. Case Threshing Machine Co. sold in July, 1929, at \$467 a share; yesterday it sold at \$21;

The stock of the General Motors Corporation sold in 1929 at \$91.75 a share; yesterday it sold at \$10.25;

The stock of the United Aircraft Corporation in 1929 sold at \$162; yesterday it sold at \$7.25;

The stock of the Radio Corporation in 1929 sold at \$114.75 a share; yesterday it sold at \$3.75;

The stock of the Trans-America Corporation in July, 1929, sold at \$67.25 a share; yesterday it sold at \$3;

The stock of the Anaconda Copper Co. in 1929 sold for \$140 a share, and yesterday it sold for \$5;

The stock of the Goodrich Rubber Co. in 1929 sold for \$105.75 a share, while yesterday it sold for \$3.50 a share;

The stock of the Standard Oil Co. of California in 1929 sold for \$81.75 a share, while yesterday it sold for \$19 a share;

The stock of the International Telephone & Telegraph Co. in 1929 sold for \$109 a share, while yesterday it sold for \$5; and

The stock of the General Electric Corporation in 1929 sold for \$101 a share, while yesterday it sold for \$13.50 a share.

The list of these shares, their present values, and the percentages are as follows:

If you bought one share of each of following stock-market leaders in July, 1929, it would—

	Cost you	Recent value, May 13	Percentage of former value
United States Steel Co.	\$261.75	\$27.25	10.4
New York Central R. R.	256.50	11.00	4.3
American Machine & Foundry	279.75	12.75	4.2
Westinghouse Electric Mfg. Co.	292.50	23.25	7.9
J. I. Case Threshing Machine	467.00	21.00	4.5
General Motors Corporation	91.75	10.25	11.1
United Aircraft Corporation	162.00	7.25	4.4
Radio Corporation of America	114.75	3.75	3.2
Trans-America Corporation	67.25	3.00	4.4
Anaconda Copper & Smelting	140.00	5.00	3.5
Goodrich Rubber Co.	105.75	3.50	3.3
Standard Oil of California	81.75	19.00	23.2
International Telephone & Telegraph Co.	109.00	5.00	4.6
General Electric Co.	101.00	13.50	13.3
1 share of each	2,530.75	165.50	6.5

Some of those now possessing vast fortunes accumulated them by boosting on the stock market the price of the stocks of such corporations as I have mentioned; they accumulated them by the issuance of watered stock, by the issuance of split stock, by the issuance of stock dividends. They sold the stock thus acquired at the boom prices and made millions of dollars. I know that many of them have since lost their money in speculation, but I call attention to the fortunes derived from this source which to-day produce large incomes to citizens of the country in considering which in the levying of taxes at a time like this nobody should be tender.

Then there is another source of fortunes, namely, the great chain business of this country. The great commercial organizations that have spread themselves all over the land and pick a few pennies out of the pockets of the millions of common citizens every day of the year for the necessities of life in which they are dealing have built up immense fortunes for some individuals. That has been true of various other activities. I shall not enlarge upon the suggestion, but I am calling attention to it to show that the people who secured these vast sums of money in the days of prosperity and have them now in sufficient amount to enable them to receive big incomes will not be unjustly treated if we place upon them income taxes at the war rates.

The opponents of this proposal, as I have listened to them and as I have read their arguments, continually bring forth the claim that it will handicap business and drive money into tax-exempt securities. The Senator from Michigan [Mr. COUZENS] yesterday answered that better than I can. I just want to say that if the men with large amounts of money put their money into tax-exempt securities somebody must sell those securities; so the same amount of money is still free for business purposes.

Mr. LONG. Mr. President—

Mr. DILL. I yield to the Senator from Louisiana.

Mr. LONG. As a matter of fact—I asked the question yesterday, but I do not think the Senator was in the Chamber at the time—in the Senator's opinion, could anything better be done to-day than to put some money into municipal and State securities, so that we could prosecute public works? Not only is the money spent to employ labor, but after the utility is constructed it is for the common use and benefit of everybody.

Mr. DILL. Yes; I think that is true.

I want to call attention further to the fact that if some of these men with so many millions are induced not to invest their money in these great, nation-wide chain organizations, the independent business men of America will have a little better chance. The growth of individualism and capitalism in this country has gone to such an extent that it will be well if it is curbed somehow. I do not argue for high income-tax rates for the purpose of distributing wealth or for the purpose of curbing big business. I argue for it

as a necessity; but if, as an incident of carrying out a policy that is just and fair, we should break down this growing tendency to extend the chain principle to every activity of American business, we will have done a real service to the American people.

The President this morning, in a statement published in the newspapers, says that we must use war methods to bring back prosperity. Senators, we must do more than that. We must use war methods to save what little business activity there is left in this country.

In the time of war we asked those with great fortunes to make tremendous sacrifices for war; and they did so willingly, I think. They should be willing to make great sacrifices now; and if they are not willing, then by law we should compel them to make those sacrifices. The sacrifices in time of war, we said, were for the purpose of making democracy safe throughout the world. The sacrifices to-day, in my judgment, will be made to maintain democracy in this great Republic.

Congress must levy these big taxes to provide money to run this Government, or it must levy the taxes upon the millions of common men and women who are still struggling to make enough money to keep themselves from the bread lines and from asking help from charity organizations.

I remind you that these high taxes upon the big incomes will not be socialism. They will not be communism. They will not be confiscation. They will not even be a limitation on great fortunes. They will simply be a method of far-sighted legislation by which a great democracy defends itself and insures its own continuation.

When we place a larger share of the burdens of government in these hard times on the rich and the powerful, we shall prove that our democracy can be made to function satisfactorily in periods of great emergency such as this. Such legislation is both fair and wise. It is simple justice. Those who accumulated these vast fortunes in days of prosperity took more than their fair share of the profits of production. It is only fair that they should pay a large part of the expenses of government in these days of adversity.

Even if these high taxes were not justified on this ground, the wealthy and the powerful can well afford to pay them as a small premium to insure the continuation of democracy, and the system of individualism and capitalism of which they are such ardent champions. Unless we do continue this system of democracy, this system of individualism, then the opportunities for which we hear so much pleading for the youth of the world, and particularly of America, will soon be lost.

Those with great fortunes and big incomes have got more out of democracy, they have got more out of individual opportunity, they have got more out of capitalism than any other of our population. If the opportunities which democracy affords our people are taken away, what will be the rewards for brains and enterprise then? If the security which democracy gives to their fortunes, which democracy guarantees to them is taken away, how will they protect those fortunes in the future?

I say to those who talk about this being confiscation that instead it is a wise policy which says to the masses of the people of America that in these times of stress and travail we propose to make those who have accumulated vast wealth, and those who, because of that accumulation, are still able to make vast incomes, pay the major part of the increases in taxes necessary to maintain the Government.

Unless we are able to do that, unless we are willing to do that, we have no right to go to the common citizens of this country and say, "You pay more on your cost of living. You pay more on your postage stamps. You pay more on the things that you use and wear," because we will not have been fair with them. We will not have been just with them in imposing the burdens of government.

Without any spirit of threat, without any spirit of prophecy, I want to call attention to the fact that at a time like this a democracy that does not place these heavy burdens first upon those who are best able to bear them does

not justify the claims of those who argue that equal opportunity shall remain in America.

I have long believed, and I believe now, that the fairest hope and proudest boast of our people is the open door of opportunity before the children of America; and I am not very much worried about discouraging those who have millions, and want to make millions more, as compared with giving the millions of common citizens of the country a chance to get back on their feet, a chance to make a livelihood, a chance to care for their families properly without being compelled to go into the breadlines or accept the dole from charity organizations in this country. I do not care whether we use the particular rates which the Senator from Michigan [Mr. COUZENS] proposes or whether we use the rates which will be proposed by the Senator from Texas [Mr. CONNALLY]; the point I make is that since we must increase taxes at a time when our people are enduring greater privation than they have endured in a generation—aye, in a century, I think—we should place the burden first upon the backs of those who can best carry it.

I come from the great State of Washington, in the far-northwestern part of the country. I speak of the conditions in the city of Seattle, because I know more about it than I do about most other cities. We have a vast army of unemployed in that city. They have formed an unemployed organization there. That unemployed organization to-day controls more than 50,000 of the 150,000 votes in that city. That organization has been demanding, and I am glad to say receiving free seed and free tools from the officials of the city of Seattle, that its members may plant a crop and produce food during the coming summer. They are demanding that the Legislature of the State of Washington shall meet and appropriate \$3,000,000 for public works to give them employment. They are demanding that an unemployment-insurance system shall be established there to provide a ten or twenty dollar a month payment to the unemployed, one-third of it to be paid by the State, one-half by the employees, and one-sixth by the working people themselves.

I am not here to argue for these propositions. I am calling attention to the fact that when one-third of the voting population of the great city of Seattle is in a position to make these demands and does make them, as a legal proposition, it is high time to begin to think of what we are going to do, not only for them but for those who are on the border line between those in class of the 50,000 now unemployed there and those in the class of the 100,000 who are not unemployed or are not yet in need.

I think those who are wealthy, and those who have great incomes, will profit most by placing on their own shoulders these burdens, rather than trying to place them on the class of people who are just between those who are now unemployed and in need of charity and the wealthy and powerful who constitute but a few. I urge upon the Senate to consider what it means when we place upon the backs of the common people an additional burden in the form of taxes, and make the increases in taxes on big incomes only slight and inconsequential in comparison.

Those opposed to these rates tell us that the man who makes a million dollars under these rates will have to pay \$700,000 of it in the form of taxes. They do not remind us that he will have \$300,000 left. Certainly it is not confiscation if we leave to a man \$300,000 a year in times like these, when millions of our people can not secure work, when millions of our people, as honest and as law-abiding and as anxious to make a livelihood for their families as you and I can be, are unable to secure the opportunity to do so. Certainly we are leaving the man with a million-dollar income all that he ought to have in comparison.

I would not have it understood that I am in favor of these high rates as a permanent policy. I would not have it understood that I argue for them as a just method of taxation in ordinary times. I do want it understood, however, that when the alternative is the imposition of taxes that will burden the masses of the people of America who are on the border line between charity and just making their own

way, I choose to place the tax upon the comparatively few people who still have such vast incomes that these high rates will hit rather than upon those who are already overburdened with taxes and the cost of living.

Personally I confidently believe that most of the wealthy will accept such rates in a spirit of sacrifice and of patriotic assistance to the Nation in a time like this rather than in a spirit of punishment or limitation of fortunes or distribution of wealth. I come back again and say: What will it profit us if we maintain the principle that we will not interfere with those men who make a million dollars having four or five hundred thousand dollars of it left and drive millions more of our people to beggary in a time like this? What will it profit us if a few men can still carry on their business with the hope that they will have a million dollars clear next year because the taxes will not be so high as to interfere, while millions more of our people are driven to beggary by the added taxes we place upon them, and, worst of all, have the feeling that they are not being given a square deal by their Government in these times of stress?

I know Senators are thinking in terms of the great theory of individualism—that in the United States a man may make what he desires and keep most of it. I recognize that many Senators here are still acting in accordance with the old ideas and the old principles. But I want to remind Senators of something. There is a younger generation growing up in the United States. It is the best-educated crowd of boys and girls the world ever saw. They are better fitted to take on the duties and opportunities of American citizenship than any young people the world has ever known; and I say unto you that that generation will not consent to beg for a living. They will demand that this Nation shall give them a fair opportunity, and they will see to it that the laws of this land are written so that they will have a fair opportunity. They will see to it that our Constitution is amended, if necessary; and I speak of their ability to do that in a peaceful way, not by revolution but by the peaceful methods of our legislative procedure. I maintain that they will do that; and that those who now plead here for this idea of individualism, for this idea of not interfering with a man's right to make a million dollars clear, without great burden, will find themselves having but accelerated a movement which may result in far more drastic changes in our basic constitutional provisions than this temporarily high tax schedule will be. This tax proposes only a temporary method of taking a large percentage of the income of those who make vast amounts of money in times like these for the purpose of paying the expenses of Government. I earnestly hope the amendment will be adopted.

Mr. COHEN. Mr. President, it is with some timidity that I raise my voice in this body, but I have no desire to escape responsibility by hiding behind a screen of my brief service here.

I shall support the principle of the amendment offered by the distinguished senior Senator from Michigan [Mr. COUZENS].

Ability to pay is the most equitable yardstick of taxation. If we reinstate the income-tax rates of the 1918 revenue act, we shall impose no hardship; for if there be no net income, there will be no payment, and certainly those who enjoy net incomes in a period such as this can not with justice complain of a nonconfiscatory contribution to the support of the Government.

As the Senator from Michigan has said so well, the cost of living now is so far below that of 1918 that the same rate of taxation, taken from net income, means a lighter burden to-day than in the war period, because the purchasing power of the balance left in the hands of the taxpayer is so far greater now.

It is necessary for the welfare of the Nation and its people that we approximately balance the Federal Budget, but in so doing we should adjust the burdens of citizenship fairly.

My observation is that unless we are to go far afield in tapping new or additional sources of revenue we shall be forced to depend upon either materially higher income-tax

rates or a general sales tax. With the sales-tax proposal I find myself in strong disagreement. I take issue with the distinguished chairman of the Finance Committee [Mr. SMOOT] in his assertion that a tax upon outgo is a fair measure of ability to pay. A tax upon consumption operates inequitably and applies its burdens without consideration of income.

We are at war with economic depression. Let us return to war-time rates of taxation upon those sufficiently fortunate to have net incomes and turn our faces against tariff proposals, sales taxes, and nuisance taxes as far as possible. I hope for the adoption of the amendment of the Senator from Michigan.

Mr. NORRIS obtained the floor.

Mr. COUZENS. Mr. President—

Mr. NORRIS. I understand the Senator from Michigan wants to make a brief statement, and I yield to him.

Mr. COUZENS. Mr. President, yesterday I was asked to put into the RECORD a number of tables and I was not quite ready with them then. I now want to place in the RECORD several tables, which I shall designate and then send to the desk.

Table 1 shows by classes the total normal and surtaxes which would be paid under the present law, under the provisions of the bill as it passed the House, under the provisions of the bill as proposed by the Committee on Finance, and under the rates in the 1918 act, which I propose.

Table No. 2 shows the estimated tax which would be yielded, by classes, under the present law, under the bill proposed by the committee, and under the rates in the 1918 act, which I propose.

Table No. 3 is a comparison of taxes paid and the percentage of taxes paid on net incomes under the British law, the present law in the United States, the rates in the House bill, those in the bill proposed by the committee and the 1918 act.

Table No. 4 is an estimate of the net income which will be reported by the various classes under the present law and under the act of 1918 as applied for the fiscal year 1933.

Table No. 5 shows the estimated returns which will be made for the fiscal year 1933, by classes, under the present law and under the act of 1918.

Table No. 6 shows the actual rates of percentage of tax to net income under the present law, the bill as it passed the House, the Finance Committee bill, and the act of 1918, by classes.

Table No. 7 shows the income taxes which will be paid by individuals on net incomes of certain classes under the law since 1918, under the bill passed by the House, under the Senate committee bill, and also the amounts paid under the British law.

I send these tables to the desk for insertion in the RECORD.

Mr. VANDENBERG. Mr. President, before the tables leave the Senator's hand, can he state now for the RECORD the total yield estimated under his proposal, the total yield estimated under the Senate committee bill, and the total yield at the present time?

Mr. COUZENS. Does the Senator mean from income taxes alone?

Mr. VANDENBERG. Yes.

Mr. COUZENS. The report made by the Senator from Utah shows that it was estimated that under the bill sent to the Senate from the House there would be an income of \$211,000,000 from income taxes. I want to point out that included in that amount is the sum of \$89,000,000 which is estimated as the return from taxation on dividends. That was complained of as being double taxation, because a corporation before the declaration of dividends would have paid the normal tax. But the House decided that when a stockholder receives dividends, he shall be required to pay taxes on those dividends.

The committee, therefore, cut out of the bill the enormous sum of \$89,000,000, on the claim, a justifiable claim, that it was double taxation. So when the committee reported the bill to the Senate it had changed the normal rates from two, four, seven to three, six, nine. That in

itself, it is contemplated, will increase the receipts from income taxes from \$29,000,000 to \$59,000,000. Then we increased the other rates so as to receive \$96,000,000, as against \$93,000,000 under the House rates. In the aggregate, therefore, from income taxes the committee expected to raise \$155,000,000 additional.

The rates now proposed will, in the judgment of many, including Mr. Parker, of the Joint Tax Committee, increase the revenue \$486,000,000 above the returns under the present law. From that we deduct what the committee expects to raise, namely, \$155,000,000, which leaves the proposal raising \$331,000,000 more out of income taxes than the committee expected to raise.

That estimate is disputed by the Treasury Department. They say that they would expect to raise only \$193,000,000 more from these rates, and, therefore, there is a difference between the estimate by Mr. Parker, of the Joint Tax Committee, and the Treasury officials, of \$138,000,000.

Mr. VANDENBERG. And these figures include no corporation tax figures at all?

Mr. COUZENS. Absolutely none.

Mr. VANDENBERG. I thank the Senator.

The tables submitted by Mr. COUZENS were ordered to be printed in the RECORD, as follows:

TABLE 1.—Total normal and surtax in dollars

Net income	Present law	House bill	Senate committee bill	1918 act
\$1,000.....	0	0	0	0
\$2,000.....	0	0	0	0
\$3,000.....	0	\$2.50	\$3.75	\$60.00
\$4,000.....	\$5.63	20.00	30.00	120.00
\$5,000.....	16.88	37.50	64.25	150.00
\$6,000.....	28.13	55.00	82.50	250.00
\$7,000.....	39.38	82.50	118.75	390.00
\$8,000.....	50.63	120.00	170.00	530.00
\$9,000.....	78.75	165.00	232.50	680.00
\$10,000.....	101.25	210.00	295.00	830.00
\$12,000.....	168.75	320.00	440.00	1,150.00
\$14,000.....	258.75	500.00	660.00	1,490.00

TABLE 1.—Total normal and surtax in dollars—Continued

Net income	Present law	House bill	Senate committee bill	1918 act
\$16,000.....	\$363.75	\$700.00	\$300.00	\$1,850.00
\$18,000.....	483.75	920.00	1,160.00	2,230.00
\$20,000.....	618.75	1,160.00	1,440.00	2,630.00
\$22,000.....	768.75	1,420.00	1,740.00	3,050.00
\$24,000.....	933.75	1,700.00	2,060.00	3,490.00
\$26,000.....	1,113.75	2,000.00	2,400.00	3,950.00
\$28,000.....	1,293.75	2,320.00	2,760.00	4,430.00
\$30,000.....	1,488.75	2,660.00	3,140.00	4,930.00
\$35,000.....	2,168.75	3,600.00	4,180.00	6,270.00
\$40,000.....	2,908.75	4,660.00	5,340.00	7,730.00
\$45,000.....	3,718.75	5,850.00	6,630.00	9,320.00
\$50,000.....	4,538.75	7,160.00	8,040.00	11,030.00
\$60,000.....	6,508.75	10,160.00	11,240.00	14,530.00
\$70,000.....	8,668.75	13,660.00	14,940.00	19,130.00
\$80,000.....	10,968.75	17,660.00	19,140.00	23,930.00
\$90,000.....	13,368.75	22,010.00	23,690.00	29,230.00
\$100,000.....	15,768.75	26,560.00	28,440.00	35,030.00
\$150,000.....	28,268.75	50,060.00	52,940.00	67,030.00
\$200,000.....	40,768.75	73,560.00	77,940.00	101,030.00
\$300,000.....	65,768.75	120,560.00	128,440.00	173,030.00
\$500,000.....	115,768.75	214,560.00	230,440.00	323,030.00
\$1,000,000.....	240,768.75	449,560.00	492,940.00	703,030.00

TABLE 2.—Estimated tax, by classes

Income brackets	Yield, present law	Yield, finance bill	Yield, 1918 rates
Under \$1,000.....	\$45,000	\$164,000	\$516,000
\$1,000 to \$2,000.....	1,100,000	17,800,000	40,572,000
\$2,000 to \$3,000.....	2,730,000	18,200,000	49,624,200
\$3,000 to \$5,000.....	5,120,000	28,500,000	99,000,000
\$5,000 to \$10,000.....	13,920,000	41,600,000	109,620,000
\$10,000 to \$25,000.....	41,310,000	80,400,000	174,960,000
\$25,000 to \$50,000.....	57,750,000	93,000,000	120,195,000
\$50,000 to \$100,000.....	67,521,000	103,800,000	135,463,000
\$100,000 to \$150,000.....	30,952,200	49,300,000	70,815,600
\$150,000 to \$300,000.....	37,300,000	63,500,000	108,225,000
\$300,000 to \$500,000.....	19,459,000	35,700,000	59,292,000
\$500,000 to \$1,000,000.....	18,884,800	34,600,000	60,447,600
Over \$1,000,000.....	25,900,000	56,300,000	96,390,000

NOTE.—Exemption in lower brackets gives greater increases in these classes because of larger number of taxpayers filing returns.

TABLE 3.—British comparison

Income	Present law		House bill		Senate bill		1918 act		Present British law	
	Tax	Per cent tax to net income	Tax	Per cent tax to net income	Tax	Per cent tax to net income	Tax	Per cent tax to net income	Tax	Per cent tax to net income
\$1,000.....	0	0	0	0	0	0	0	0	\$6	0.60
\$2,000.....	0	0	0	0	0	0	0	0	106	5.30
\$3,000.....	0	0	\$3	0.10	\$3.75	0.12	\$60	2.00	453	15.10
\$5,000.....	\$17	0.34	38	.75	56.25	1.12	150	3.60	703	14.06
\$7,000.....	39	.56	83	1.19	118.75	1.69	290	5.67	1,103	15.76
\$10,000.....	101	1.01	210	2.10	295.00	2.95	830	8.30	1,828	18.28
\$14,000.....	259	1.85	500	3.57	660.00	4.71	1,490	10.64	3,069	21.92
\$20,000.....	619	3.09	1,160	5.80	1,440.00	7.20	2,630	13.15	5,188	25.94
\$30,000.....	1,489	4.96	2,660	8.87	3,140.00	10.47	4,930	16.43	9,475	31.58
\$40,000.....	2,900	7.27	4,660	11.65	5,340.00	13.50	7,730	19.33	14,175	35.44
\$50,000.....	4,589	9.18	7,160	14.32	8,040.00	16.08	11,030	22.06	19,425	38.85
\$70,000.....	8,669	12.37	13,660	19.51	14,940.00	21.34	19,130	27.33	30,475	43.54
\$100,000.....	15,769	15.77	26,560	26.56	28,440.00	28.44	35,030	35.03	47,738	47.74
\$200,000.....	40,769	20.38	73,560	36.78	77,940.00	38.97	101,030	50.52	108,863	54.93
\$500,000.....	115,769	23.15	214,560	42.91	230,440.00	46.09	323,030	64.61	307,233	61.45
\$1,000,000.....	240,769	24.08	449,560	44.96	492,940.00	49.29	703,030	70.30	633,488	63.85
\$5,000,000.....	1,240,769	24.83	2,329,560	46.59	2,652,940.00	53.06	3,783,030	75.66	3,288,488	65.77
\$10,000,000.....	2,490,769	24.91	4,679,360	46.80	5,352,940.00	53.53	7,633,030	76.33	6,600,988	66.01

TABLE 4.—Net income (classes)

	Present law	1918 act
Under \$1,000.....	\$50,000,000	\$250,000,000
\$1,000 to \$2,000.....	1,100,000,000	3,920,000,000
\$2,000 to \$3,000.....	1,300,000,000	5,804,000,000
\$3,000 to \$5,000.....	3,200,000,000	5,000,000,000
\$5,000 to \$10,000.....	2,900,000,000	2,900,000,000
\$10,000 to \$25,000.....	2,430,000,000	2,430,000,000
\$25,000 to \$50,000.....	1,100,000,000	1,100,000,000
\$50,000 to \$100,000.....	710,000,000	710,000,000
\$100,000 to \$150,000.....	237,000,000	237,000,000
\$150,000 to \$300,000.....	250,000,000	250,000,000
\$300,000 to \$500,000.....	122,000,000	122,000,000
\$500,000 to \$1,000,000.....	116,000,000	116,000,000
Over \$1,000,000.....	170,000,000	170,000,000

TABLE 5.—Estimated returns, number for year beginning July 1, 1932

	Under present law	Under 1918 act
Under \$1,000.....	83,100	374,000
\$1,000 to \$2,000.....	650,900	2,580,000
\$2,000 to \$3,000.....	530,900	2,290,000
\$3,000 to \$5,000.....	816,600	1,251,000
\$5,000 to \$10,000.....	421,800	421,800
\$10,000 to \$25,000.....	161,500	161,500
\$25,000 to \$50,000.....	32,400	32,400
\$50,000 to \$100,000.....	10,550	10,550
\$100,000 to \$150,000.....	1,970	1,970
\$150,000 to \$300,000.....	1,240	1,240
\$300,000 to \$500,000.....	330	330
\$500,000 to \$1,000,000.....	175	175
Over \$1,000,000.....	70	70
Total.....	2,711,535	7,125,035

TABLE 6.—Actual rates on net incomes
(Per cent tax to net income)

Income	Present law	House bill	Senate bill	1918 act
\$1,000.....	0	0	0	0
\$2,000.....	0	0	0	0
\$3,000.....	0	0.10	0.12	2.00
\$5,000.....	0.34	0.75	1.12	3.60
\$7,000.....	0.56	1.19	1.69	5.57
\$10,000.....	1.01	2.10	2.95	8.30
\$14,000.....	1.85	3.57	4.71	10.64
\$20,000.....	3.09	5.80	7.20	13.15
\$30,000.....	4.96	8.87	10.47	16.43

TABLE 6.—Actual rates on net incomes—Continued

Income	Present law	House bill	Senate bill	1918 act
\$40,000.....	7.27	11.65	13.50	19.33
\$50,000.....	9.18	14.32	16.08	22.06
\$70,000.....	12.37	19.51	21.34	27.33
\$100,000.....	15.77	26.56	28.44	35.03
\$200,000.....	20.38	36.78	38.97	50.52
\$500,000.....	23.15	42.91	46.09	64.61
\$1,000,000.....	23.08	44.96	49.29	70.30
\$5,000,000.....	24.82	46.59	53.06	75.66
\$10,000,000.....	24.91	46.80	53.33	76.33

TABLE 7.—Income tax, individual—Total tax on net incomes under prior revenue acts compared with tax under House bill and Senate Finance Committee rates
(Married person with no dependents and maximum earned income allowance)

	\$3,000	\$5,000	\$10,000	\$30,000	\$50,000	\$100,000	\$200,000	\$500,000	\$1,000,000
1918.....	60	180	330	4,930	11,030	35,030	101,030	323,030	703,030
1919.....	40	120	500	3,890	9,190	31,190	93,190	303,190	663,190
1922.....	20	100	520	3,520	8,640	30,140	86,640	260,640	550,640
1924.....	8	38	165	2,275	6,095	22,575	65,575	199,575	429,575
1926.....	0	17	101	1,779	4,879	16,059	41,059	116,059	241,059
1928.....	0	17	101	1,489	4,589	15,769	40,769	115,769	240,769
House bill.....	3	38	210	2,660	7,160	26,560	73,560	214,560	449,560
Senate Finance Committee (original).....	4	56	295	3,140	8,040	28,440	77,940	230,440	492,940
British law.....	453	703	1,828	9,475	19,425	47,738	109,863	307,828	638,488

Mr. COUZENS. Before I sit down I want to answer some of the questions raised yesterday.

Let us assume that our estimate is too high and let us take the Treasury Department estimate. I think it is pretty well established that we can not rely too much on Treasury Department estimates, and especially is that true when they do not want anything done. I recall that during years past the Democrats wanted to reduce taxes more rapidly than the Republicans did, so the Treasury Department every year underestimated the receipts and underestimated the surpluses, and as a result of those estimates the taxes were kept higher than the Democrats wanted. I was in entire sympathy with the Treasury Department views at that time, so I was perfectly willing to accept their estimates. Now they are estimating these incomes at a lower rate, in my opinion, than is justified. But let us, for the argument's sake, accept the Treasury Department's estimate of the increased revenue from the 1918 rates over the rates in the bill reported by the Finance Committee. If we take the \$193,000,000 which the Treasury Department says we will get from these increased rates, we can eliminate from this bill the tax on lubricating oil, which it is estimated will amount to some \$35,000,000.

Just think, Senators, we are proposing to tax the wheels of industry \$35,000,000 by a tax on lubricating oil. We are inviting industry to speed up, we are inviting industry to start, we want machinery started, but we say, "Before you start, however, you must pay us \$35,000,000 in the way of taxes on lubricating oil."

That is one of the absurdities in the bill. We can remove the tax on rubber, another tax to hold back production. We can eliminate the tax on automobiles, another strangling act of Congress to curb consumption and production. We can eliminate the tax on children's chewing gum, \$2,000,000. We can eliminate the tax of \$11,000,000 on the radio, a device which everybody ought to have for the purpose of keeping in touch with world affairs. We could take at least \$20,000,000 off representing taxes on admission to theaters. So, in the aggregate, taking these off, we would reduce the estimated tax receipts from these items some \$194,000,000 alone, by simply adopting this plan and accepting the Treasury Department estimate, which I contend is entirely too low.

Mr. TRAMMELL. Mr. President, I wish to ask the Senator from Michigan what amount of increased revenue he proposes to get under the provisions of his amendment which would increase the normal tax as proposed by the committee from 4 per cent to 6 per cent on the first \$4,000 of net income. From the speeches I have heard on the subject it would seem that the impression prevails that the amendment is an increase only on the large incomes, but as

I read the amendment and compare it with the bill as it passed the House and the rates as fixed in the bill by the Senate Committee on Finance, I see the Senator's amendment starts in the very lowest brackets to make very large increases in the tax rate.

His is not merely a proposal of increasing the tax in a very substantial way on the large incomes, but there is a big increase in the tax on the \$4,000 net income and alike on all of the smaller incomes. The House rate was 2 per cent on the first \$4,000 net. The Senate committee recommends 4 per cent. The amendment offered by the Senator from Michigan proposes to increase that to 6 per cent. In other words, under the Senator's amendment the man who has a \$4,000 net income is to have his tax rate increased 200 per cent over the amount fixed in the bill as it passed the House. In the next bracket, including the second \$4,000 of net income, the House provided for a 4 per cent income tax, while the Senator from Michigan proposes by his amendment that it shall be increased to 12 per cent, or an increase of 300 per cent.

He also proposes by his amendment to reduce the exemption. The House proposed to reduce the amount of the exemption from \$3,500 to \$2,500. With that recommendation the Senate committee agreed and recommended an exemption of \$2,500. The House also recommended \$400 exemption for each minor dependent, and the Senate committee agreed to that and reported the bill with that provision. But the Senator from Michigan now proposes in his amendment that married persons and the heads of families shall not have \$2,500 exemption from income tax, but their exemption shall be reduced to \$2,000, and that they shall not be allowed the mere pittance of even \$400 for each dependent minor, but he wants to decrease that to \$200.

As I view the amendment and compare it with the provisions of the bill as recommended by the Finance Committee and as it was passed by the House, it seems to me that the effort of the Senator from Michigan is not only to get an increased rate as applicable to those enjoying the larger incomes, but that he is just as diligently going after those who have the smaller and more insignificant incomes. He does not propose to allow the average American family, say with three or four children, a sufficient exemption for them to live in reasonable comfort and educate their children. He wants to cut the exemption down to \$2,000.

I would like to know what amount of revenue the Senator from Michigan proposes to raise out of people having only small and medium incomes? When we have the data on this point, I dare say it will show that a major part of the \$331,000,000 additional revenue, which he suggests his amendment will raise, will be paid by people having only

small and moderate incomes. If that is true I do not want to support his amendment. If the Senator has any data on that point, I wish he would supply it to us.

Mr. LONG. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. TRAMMELL. I yield.

Mr. LONG. The Senator referred to the average family. The average family will not come within the income-tax tables at all. The average American family does not make as much money as will bring it within the lowest income-tax provision unless it be reduced to something like \$1,200 or \$1,400.

His tax then would be less than he would be penalized by the application of a sales tax, as the Senator very well said yesterday. If he is going to be penalized, it will be done in the lower brackets. For instance, take the man who pays an income tax on \$3,000. There are not very many people in America making \$3,000 to-day. What would be the amount of income tax such a man would pay, may I ask the Senator from Michigan?

Mr. COUZENS. Mr. President, the tables covering the various brackets are shown in the charts which I have placed on the wall of the Senate Chamber, and the Senator can get the information there.

Mr. LONG. A man making \$5,000 would pay only \$189. A man making \$3,000 would probably pay less than \$100. I have not the table before me, so I can not get the exact figure.

Mr. SMOOT. He would pay \$60.

Mr. LONG. What man is going to say that a person making \$3,000 is not going to be affected by the amendment of the Senator from Michigan? Three thousand dollars is not the average income. The average man will make less than \$3,000. The average man is not making \$2,000 a year. The average man would be considered prosperous if he were earning sufficient income to be required to pay \$40 or \$50 income tax on it. If we are going to have a sales tax, the average man with five or six children consumes as much, ordinarily speaking, if he has the money to spend, as the man who makes a considerable amount more than that, and he would pay considerably more in taxes than though he paid a very small income tax. I think if the Senator will quiz the ordinary men in the ordinary constituency all of them would say that they would be happy to know that they could come within the \$3,000 class to-morrow and have to pay the Government \$40 or \$50 or \$60 a year.

Mr. TRAMMELL. Mr. President, I do not think it will add to a man's opportunity or possibility of getting within that class to place an increased tax upon him and remove from the head of the family the exemption which he has heretofore been allowed. The House recommended an exemption of \$2,500 and the Senate Finance Committee recommended an exemption of the same sum. I take it that the Senator from Louisiana desires to allow not even the present exemption for the support of a man's family, the education of his children, and other obligations upon the average citizen but proposes, as does the amendment of the Senator from Michigan, to levy a tax beginning in the lower brackets, to tax him before he has sufficient income exempt for the purpose of caring for his family and educating his children. That is the point I am making. We should not begin increasing the income tax in such low brackets. We should not take away a reasonable exemption from income tax. It has not been done at any time heretofore, I think, even during the war.

Mr. BARKLEY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Kentucky?

Mr. TRAMMELL. I yield.

Mr. BARKLEY. If a man were to fall within the brackets of \$3,000 or \$5,000 or \$6,000, he pays no taxes except to the Government of the United States, and a tax of \$40 or \$50 or even \$100 a year would not be burdensome; but it seems to me we can not afford to lose sight of the fact that the bulk

of all local taxes, county and district, city and State, are paid by the men who come within the range of incomes from \$3,000 to \$6,000 or \$7,000. It is hardly fair to cite the possibility of a man's willingness to pay taxes provided he were guaranteed an income of \$5,000 a year, which can not be given by the Government or by anybody else. The great bulk of local taxes, which after all constitute the burden of government in this country, are being paid by the small incomes, who would be emphatically at a disadvantage under the amendment offered by the Senator from Michigan.

Mr. TRAMMELL. People coming within the brackets of incomes from \$1,500 to \$5,000 or \$6,000 per annum have, as the Senator said, more of the State, county, and municipal taxes to bear, and they also have upon them in large the maintenance of the civic organizations and local public enterprises of their respective communities. They have a great many more financial burdens upon them than can be responded to by the person who has not the means to make those contributions. These matters are worthy of serious consideration.

Mr. TYDINGS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Maryland?

Mr. TRAMMELL. I yield.

Mr. TYDINGS. It strikes me that a man making \$5,000 or \$6,000, who would pay \$60 a year income tax on the one hand, as provided in the amendment of the Senator from Michigan, would be in a better position than if the amendment is defeated. If the amendment is defeated, that man is going to pay an equal amount, if not more, in sales taxes. What the man who is paying the tax is interested in is how much he is going to pay. If he does not pay that amount in income tax, then the tax on automobiles, admissions, and so forth, will take it, not out of his right-hand pocket but out of his left-hand pocket. The man in the \$3,000 to \$5,000 class is going to pay substantially so much tax anyway. The question is whether we want to take it from his income, as a direct tax upon his income, or from some place else as a sales tax.

Mr. TRAMMELL. He will never pay it through a general sales tax with my vote. Probably the Senator from Maryland proposes to vote for a sales tax, but I have never favored the sales tax. I opposed it as vigorously as I could when it was presented here several years ago.

Mr. TYDINGS. Will the Senator let me clear up that matter? I had no reference to the sales tax as such. I was simply pointing out that under the terms of the bill the taxes on admissions and automobiles, telegraph and telephone messages, and what not, would all be eliminated if the amendment of the Senator from Michigan were adopted, so it is not a question of a general sales tax. It is a question of whether or not we are going to take from the same class of people the equivalent of \$60 through all these nuisance taxes or take it in the form of an income tax.

Mr. TRAMMELL. On the basis of the normal tax, a man who is engaged in business will to a considerable degree pass on to the consumer the amount of his tax that has to be contributed to the Government, and it will indirectly be imposed upon the person that the Senator from Louisiana [Mr. Long] talks about with a \$1,400 income just the same as it would be under the imposition of a sales tax. The person who is making \$5,000 or \$6,000 or \$8,000 or \$10,000 per annum engaged in business, of course, is going to include in his profits the amount of money which he has to contribute in the way of an income tax under the normal tax. Of course, it has been claimed that under the surtax bracket he can not do that very well.

Mr. SMOOT and Mr. LONG addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Florida yield; and if so, to whom?

Mr. TRAMMELL. I yield first to the Senator from Utah.

Mr. SMOOT. I want to invite the Senator's attention to the fact that a man with a net income of \$3,000 under the proposed amendment would pay \$60 income tax. Under the provisions of the House bill he would pay \$3. Under the

provisions proposed by the Senate Finance Committee he would pay \$4. The difference between \$60 and \$3 is \$57, and that would pay a lot of admission taxes.

Mr. TYDINGS. Assuming that that man buys an automobile for \$1,000, how much of a tax does he pay on that?

Mr. SMOOT. He pays the regular percentage.

Mr. TYDINGS. Four per cent, is it not?

Mr. SMOOT. Yes.

Mr. TYDINGS. Then he would pay \$40.

Mr. SMOOT. That is \$20 less than he would pay under the other plan.

Mr. TYDINGS. Assuming that he went to the moving pictures 20 times, how much would he pay in the way of tax?

Mr. SMOOT. It would be \$1.

Mr. TYDINGS. Assuming that he uses the telephone, how much tax would he pay in that way?

Mr. SMOOT. I would have to know the number of telephone calls he made.

Mr. TYDINGS. Assuming he went to 10 ball games a year, how much would he pay in the way of a tax on those admissions? Pretty soon the Senator would find himself away over the \$60, and he would have bothered the man every time he conducted a transaction of any kind.

Mr. COUZENS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Michigan?

Mr. TRAMMELL. I yield.

Mr. COUZENS. Will the Senator from Utah let me correct him on one point? The Senator used a phrase which I think is quite misleading. He referred to the man with a \$3,000 income. I said a man with a \$3,000 net income.

Mr. SMOOT. Of course.

Mr. COUZENS. And there is a great deal of difference between a man with a \$3,000 income and a man with a \$5,000 income who has a \$2,000 exemption. So when we are talking about a man with a \$3,000 income paying \$60, what is meant is a man with a \$5,000 income after he has taken off his \$2,000 exemption.

Mr. COUZENS subsequently said: I merely want to make a correction in the Record before it is too late. In the colloquy with the Senator from Utah a few moments ago I made an error in my statement, and I want now to correct it. I said that the man with a \$3,000 net income would pay \$60 after he had deducted his exemption. What I meant to say was after he had deducted his tax and interest payments and other deductible items, instead of after deducting his exemption. I was confused for the moment between the exemption and the deductions allowed by law.

Mr. LONG. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. TRAMMELL. I will be through in a few moments, but I yield for a question.

Mr. LONG. I wish to quote from the Senator's remarks yesterday, because I was more impressed by them than I was by anything else in yesterday's Record. I read them this morning while in bed. Here is what the Senator said yesterday:

Personally I think that if we have the alternative of having either to accept this tax or to accept a sales tax, this, of course, is preferable. So far as I am concerned, however, I am not favorable to either one. I am not in favor of making this big reduction in the exemption, nor am I in favor of a general sales tax.

The point I am making, and the point which the Senator from Maryland made, is that if it is necessary to raise revenue either by a sales tax or by going to the lower brackets and increasing taxes there, say, on the \$5,000 net income, certainly the Senator's views of yesterday are the views that we ought to follow. That is the point I am making.

Mr. TRAMMELL. My views of yesterday have not been altered in the least by the discussions which have taken place as to the comparability of a sales tax with an income tax and the exemptions thereunder. I said that I was, of course, more opposed to the sales tax than I was to some increase in the income tax, but I am not going to surrender

and yield as if it were inevitable that we will have to have the exemptions reduced in the consideration of this measure on account of the scarecrow of the sales tax. That can not be used with me as a scarecrow. I do not believe a majority of the Senate are in favor of a sales tax; I am sure I am not. I reiterate that I think the situation, as distressing as it may be, is not so desperate that the exemption should be reduced from \$2,500 to \$2,000 and that the deduction for dependent minors under 18 years of age should be reduced from \$400 to \$200. I am very much opposed to that feature of the amendment of the Senator from Michigan. I am also opposed to that feature of his amendment—a number of amendments grouped in one, it might be called—that makes such an enormous increase in the rate of tax upon small and moderate incomes. That is what his amendment plainly does.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. TRAMMELL. I yield.

Mr. BARKLEY. The difference between a heavy tax on small incomes and a tax upon admissions it seems to me to be so obvious as to need no comment. A man who wants to go to a baseball game where 50 cents admission is charged would pay a nickel. If he does not want to pay that nickel he does not have to go to the ball game; he can stay at home; but if the income tax be increased on the man of small income there is no way for him to escape it; it is compulsory; the Government reaches its arm into his income and takes out a certain percentage, regardless of what he may do. So it seems to me it is quite unfair to compare the compulsory features of an income tax on small incomes with the voluntary features of a luxury tax upon admissions, which are more or less for pleasure. Everybody can escape the payment of such a tax by not going to the amusement places. The tax, however, is not so burdensome as to keep them away, though they might not want to pay.

Mr. TRAMMELL. I do not think there is any analogy between a so-called amusement tax and an income tax. Of course, the automobile tax is different. I do not think we should increase the automobile taxes on the people of this country.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Nebraska?

Mr. TRAMMELL. I yield.

Mr. NORRIS. I should like to suggest in connection with the remarks of the Senator from Kentucky [Mr. BARKLEY] that if we had a tax on clothing, for instance, a man might go without clothing to avoid the tax, and if we had a tax on food one could starve himself to death and thus would not have to pay the tax. So it is up to a straight, invisible line, where it would be difficult to say whether he ought to be taxed or not. If we want to take away from the American people all their pleasures, all their luxuries, and a good share of their necessities of life, we can do it by simply levying a sales tax, and saying, "You do not need to have a given article; you do not need to buy it; and therefore you can escape the tax." A father can tell his children that they do not need lead pencils when they go to school; that they do not need any books; that the family does not need a baby carriage; they can get along without it—and they may—and that the children do not need to go to the moving pictures, no matter how a parent may suffer when he sees the children of other parents going to the movies and finds it necessary to keep his little ones at home. They can save money by staying at home.

Mr. BARKLEY. Mr. President, the Senator from Nebraska is always interesting and frequently facetious. There is no sales tax in this bill, and, so far as I am concerned, there will not be.

Mr. NORRIS. But there will be one in it before we get through if we do not adequately tax the big incomes.

Mr. BARKLEY. Not by my vote, I will say to the Senator from Nebraska. I do not favor the general sales tax and I do not intend to vote for it; and there is nothing in this bill and nothing will be in it, I hope, that will tax food or

clothing or any other necessity. I should certainly vote to exclude any such taxation; but it certainly is not accurate to say, because a man can stay away from a baseball game and therefore need not pay a 5-cent tax upon the price of admission, that is to be compared with compelling him to go hungry or naked. There is nothing in any bill that I know anything about taxing clothing or food, and I would not favor any such tax. The illustration of the Senator from Nebraska is not at all analogous.

Mr. NORRIS. If a man wishes to go to a baseball game and can not see the game and get his dinner both, he can go without his dinner in order to go to the ball game.

Mr. TRAMMELL. Mr. President, I decline to yield further at this time. I did not expect to occupy the floor except for a very few moments, but I wanted to give expression to my protest against this effort to increase all the way from 100 to 300 per cent the tax upon the people of this country in the lower brackets of income and to withdraw from them the privilege of an exemption of \$2,500 and \$400 for each dependent child under 18 years of age in the case of the head of a family, as is proposed by this amendment. That is my attitude. I have always taken the position that those who are best able to pay should pay; I have no objection to taxing those who have fabulous, enormous incomes; but I do not approve of the policy proposed by this amendment of imposing such an enormous increase upon the taxpayers of small or moderate or intermediate incomes; and that is what the amendment, among other things, proposes to do. I dare say that the greatest part of the increased revenue is going to come from that class of people under the amendment proposed by the Senator from Michigan.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. The Senator from Nebraska.

Mr. NORRIS. Mr. President, I should like to suggest to the Senator from Florida, if he is opposing this amendment only on the ground stated, that both the provisions to which he objects are subject to amendment. I think there is some merit in what the Senator from Florida says, but this amendment is subject to an amendment making the exemption \$2,500 instead of \$2,000, and increasing the allowance for each dependent child from \$200 to any other amount that may be deemed desirable.

Mr. TRAMMELL. I agree with the Senator; and I had in mind that when we reached a vote I would ask for a separate vote on those particular amendments. I suppose that will be the procedure followed in regard to all amendments, but on these particular ones I want a separate vote. The Senator from Michigan proposes to strike out the exemption of \$2,500 and insert \$2,000.

Mr. NORRIS. An amendment by the Senator from Florida to that effect would be in order at any time before the vote, as I understand the parliamentary situation.

Mr. TRAMMELL. The proper parliamentary procedure is not for me to propose an amendment; it is for the Senate, if it deems proper, to vote down the amendment proposed by the Senator from Michigan. The Senator from Michigan has proposed an amendment to strike out \$2,500 and insert \$2,000 in the exemption feature of the bill.

Mr. NORRIS. I do not yield to the Senator for another speech.

The PRESIDENT pro tempore. The Senator from Nebraska has the floor and declines to yield further.

Mr. TRAMMELL. Mr. President, I do not wish to be put in a false attitude. The Senator suggested that I propose an amendment. It is not a question of proposing an amendment but of voting upon the one that is proposed.

Mr. NORRIS. The way to get a chance to vote on an amendment is to propose it. I am not particular whether it is proposed by the Senator from Florida or by some other Senator. The Senator from Florida has the same right to propose an amendment as has any other Senator. If he wants to get a vote on the direct question of increasing the amount of the exemption instead of leaving it as it is in the amendment, it is subject to amendment.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Kentucky.

Mr. BARKLEY. It is not necessary to offer an amendment amending the amendment in order to get a straight vote on all these brackets. The Senator from Michigan has offered his amendment as a substitute for what is in the bill. If that is voted down, then an amendment may be in order as to any of the provisions of the bill as it stands.

Mr. NORRIS. I do not understand it in that way. I think Senators would make a great mistake if, for the reason that they object to one particular item such as the exemption on account of a dependent child or for the head of a family, they should ask us to vote down this entire amendment. The way to reach the result is to make a motion to change it before we vote on the amendment.

Mr. President, it is always one of the most unpleasant things imaginable for a lawmaker, in a time of depression, to vote increased taxes on the people. I assume that only where a legislator believes such an increase is absolutely necessary and can not be avoided does he feel justified in casting such a vote. It is unpleasant to increase taxes; it is particularly so when people are in a distressful condition, as the entire country now is.

But, Mr. President, we are confronted with the situation that our Government is running behind; the income of our Government is not as great as its expenses. Everybody knows that that condition can not continue indefinitely and the country live. Yet, I am not one of those trying to scare everybody by saying we must balance the Budget to-day. I think that if it is done within a reasonable time there will be no material injury to the country or to any of our people. However, the fact does remain that we must by taxation raise sufficient revenue to pay the expenses of government. In order to make that easy, we are confronted with the other proposition that we must reduce the expenses of government. It is conceded that we can not reduce the expenses of government sufficiently to make up the deficit. Hence, there is only one thing left to do, and that is to increase taxes; and when we are confronted with that proposition the next question is, Where are we going to levy the taxes? In a time of distress such as this, which, so far as our financial and economic conditions are concerned, is comparable to the war days, every man and every woman who believes in the perpetuity of our Government and of our institutions must be willing—and if they are patriotic, they are willing—to do their part, regardless of the cost, regardless of how we got into this condition. That may be another question upon which we greatly disagree. If that question were discussed, we might say we were not to blame for our condition. Whether we are to blame or whether we are not, however, we are confronted with the fact that we must produce more revenue in order to keep our Government going.

It seems to me those propositions can not be and will not be disputed.

When we come to the place where we are going to levy this tax, there will, of course, be disagreement. My own personal opinion is that when we met in December we ought to have gone into the subject of unemployment then, meeting it fairly, as I think we did not, and ought to have provided a method by which we could have put to work millions of our people who were then and will be again next winter, and to some extent are now, dependent upon charity for food and clothing. But that water has passed over the dam. I have not had my way. Congress, led by the President, did not do then what I think it ought to have done; but we have had to go along and do the best we could. So, regardless of the cause, we have to raise more money from some source.

I think it will be conceded by most economists and most people who have studied the subject that when we come to raise money by taxation, we must and ought to go to those sources where the money can be collected with as little hardship as possible upon the people who have to pay it; and as between the man who has but a living to begin with and the man who has a surplus, we must take the larger portion of our levy from the man who has the surplus. We ought not, if we can help it, to levy a tax anywhere where it will

be a hardship; but again we are faced with the fact that whatever we may think individually about where the taxes on incomes should be levied, we have no chance of passing a law that will levy upon the big incomes the tax that I think ought to be levied unless in the same connection, perhaps, we make a levy upon those who can not so well afford it.

I dislike, in this amendment, some of the levies upon the lower brackets. I would rather not make those levies as heavy as they are made; while I think those levies in some instances are a little bit higher than the necessities require, it is doubtful even now whether we are going to adopt an amendment that will make levies upon enormous wealth and upon big incomes that will be sufficient at least to make the necessary contribution to the wiping out of the deficit.

Of course, there are other things in the bill as to which we do not know now whether they are going to stay in or not; we do not know whether the rates are going to be increased or decreased. When we get through with them all we can probably vote more intelligently even upon this amendment than we can vote now. The amendment of the Senator from Michigan [Mr. COUZENS], however, puts into effect an old law, one that was in existence, one under which levies have been made in the past, and it is, therefore, a matter of history how it operated, and whether it inflicted any great hardship upon any of the people from whom the money was taken by the levy.

In considering an income tax, in my judgment it is just as important to consider how much the man has left after he has paid his tax as it is to consider the rate of the tax. Can we make this levy and still leave in the hands of the men who pay the tax a sufficient amount of money to permit them to live, do business, and not suffer?

An examination of the schedule of incomes and the rates of taxation on the various incomes, it seems to me, must convince any person that no real hardship will be inflicted. In some of the lower brackets the tax will bear down rather heavily, but we must remember, in considering these levies and these various brackets, that the income referred to is always the net income, not the gross income. So when we speak of levying a tax upon a \$5,000 income, we mean \$5,000 net. All of the exemptions allowed by law, which amount to quite a large item, comparatively speaking, are always deducted before the tax is levied. The exemption of a married man is greater than that of an unmarried man. Whether it is too great or whether it is not great enough I concede is a debatable question upon which honest men will differ; but in considering it and passing on it we ought to take into consideration the necessities of the case, the difficulties confronting our Government, the means by which it is going to increase the taxes, and levy them sufficiently high to pay the expenses of government, and then say that within reasonable limits of income all people ought to be patriotic enough to bear some portion of that expense.

This amendment would levy on a net income of \$1,000,000 a tax of \$703,030—in round numbers, \$700,000. In round numbers, now, the man with a million-dollar income pays a tax of \$700,000. That is a big sum of money, but his income is big. Who ever earned a million dollars, as a matter of fact? And what does he have left after he has paid his tax? Three hundred thousand dollars net. That ought to keep the wolf from the door.

Mr. KING. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I yield.

Mr. KING. I have no doubt the Senator has thought, however, of the fact that in many of the States there are income taxes; so that there would be subtracted from the residue by the State a considerable income tax.

Mr. NORRIS. There is still quite a margin there, quite a difference to go on.

Mr. KING. If the State imposed anywhere near the tax that the Federal Government imposes, he would be in a minus position.

Mr. NORRIS. No, no; oh, no!

If a man had a net income of \$500,000—that means after paying all the expenses of operating his business, whatever it may be, and all his taxes except income taxes—he would have, in round numbers, \$200,000 left.

Mr. President, I can not conceive of a man who is permitted under our laws and under our Government to make in one year a net profit of \$1,000,000 who is not willing to pay the amount specified here to the Government under whose laws he lives and under whose laws he is permitted to make this outrageous fortune in one year, if he is as patriotic as he ought to be. It seems to me that in these times of awful distress, when his fellow men by the million are hungry, when he sees little children upon the street half-naked, when respectable people are unable to clothe their children in order to send them to school, when they are unable to buy the books and the other things necessary for the child when he goes to school, the man with \$200,000 net in his pocket ought to feel as though he is really a favored individual.

Now go on down. This proposal increases pretty nearly everybody's tax to some extent. Take the man who has a net income of \$100,000. He would pay a tax of \$35,000. Do you think that is exorbitant? It might be under ordinary circumstances, but these are not ordinary times. Here you are with an income of \$100,000 net. You have taken out your expenses. You have taken out your taxes. You have \$100,000 left. In this terrible depression, which has been well described as equal and similar to a condition of war, your country says to you, "In order to keep your country alive, in order that it may continue to live, we ask you to contribute, out of that \$100,000, \$35,000 to save the country that permitted you to make \$100,000." Is that unfair? Is that unreasonable?

Then go on down. The man who has an income of \$50,000 net, under this bill, will be required to pay a tax of \$11,000. He will have \$39,000 net left. After paying all his expenses and all his other taxes, he will have \$39,000 clear upon which to live for a year.

Mr. President, in these terrible times, when danger can be seen ahead unless something is done to prevent it, ought not every patriotic citizen to be willing to say, "I will thank God if you will permit me to live and not even go into the red. I will be thankful if you will let my books be balanced even, and let me come out with a good living." Thirty-nine thousand dollars ought to do it; and you could go to the baseball games and chew all the gum and do all the other luxurious things that you wanted to do with \$39,000 net.

Suppose you had an income of only \$30,000. After you had paid your taxes and all your expenses, how much would you be required to pay? You would have to pay \$4,930; in round numbers, \$5,000. That would give you \$25,000 clear to live on for a year. If you were economical, and very careful about your expenses, and smoked a cob pipe instead of a cigar, you could get through on \$25,000. Now, speaking to the man who has a net income of \$25,000, there are millions of men who have families just as good as his, whom they love just as he loves his family. There are millions of men who have no income, who are dependent upon charity for their food, who have to depend upon their neighbors and friends to contribute the shelter and the food that will take care of their wives and their children. What do you think of those people? While they are living on charity, you have \$25,000 net. What is there you want to get in these days of distress and financial bankruptcy, what is there you want to get for yourself and your family which you can not buy with \$25,000?

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Nebraska yield to the Senator from New York?

Mr. NORRIS. I yield.

Mr. COPELAND. The Senator knows my anxiety and the efforts I have made to get some money for the starving people of my State and city. My observation is that after we get money into the Treasury, we can not get any of it out to do the things which the kind-hearted Senator has in

mind. If we collect these millions, we do not have anything to give to the poor. We are denied that privilege on every occasion.

Mr. NORRIS. Mr. President, the Senator knows I have not agreed with those in control as to relief of distress. I have not been one of those who tried to bring about that denial. I am not finding fault with the Senator. I admit that what he says has a lot of merit in it. I do not believe that we have taken the right course so far. I do not believe we are taking the right course now. I think we were justified last December in issuing bonds, using the money for the making of public improvements, particularly building roads, in order to put the millions of unemployed to work, to put to work the men whom we have to support anyway, the people we have to feed anyway, the ones we have to keep warm and clothed anyway; and it will take the money in any case. But I would rather put them to work, and they would rather go to work, God knows, than to be subjects of charity. But we are now confronted with the necessity of bringing in enough income to support our Government. So the question raised by the Senator, important though it is, is not before us at this moment.

Mr. COPELAND. Mr. President, will the Senator yield further?

Mr. NORRIS. I yield.

Mr. COPELAND. Let me call the attention of the Senator to the fact that the Senator from Illinois and I tried hard to add an amendment to the Finance Reconstruction Corporation bill to permit loans to cities for human relief. We could not get that through, and we will not get anything through now for that purpose, so far as I can see. But I want to say this, that when the "banksters" in New York refused to lend any money to the city for human relief the people of income did. They gave us \$17,000,000 last winter to relieve distress in New York. If the \$17,000,000 which came from those people voluntarily for human relief had been taken away from them and put into the coffers of the Treasury, I doubt exceedingly whether the people who were fed by those \$17,000,000 would have had 17 cents from the Treasury of the United States to relieve their distress.

Mr. NORRIS. Mr. President, that may all be true; but let me ask my friend from New York, what has that to do with the levying of this income tax?

Mr. COPELAND. The Senator was making the argument that these people can well afford to give the money which we need for the support of the Government, and I think that is true, I am not disputing that. But I do not want the RECORD to fail to show that they did something for human relief when the Government of the United States and the Senate of the United States and the Congress of the United States did nothing.

Mr. NORRIS. Yes, Mr. President; but it did not all come from the men who had the million-dollar incomes. Much of it came from the clerks, from the laboring people. Take this city as an example. How much money was raised during the winter that has just passed, and how much did the men and the women who are working by the month contribute? In round numbers, one-half of all the money that was raised for charity in the city of Washington came from the people who are working by the day and by the month.

Mr. COPELAND. I join the Senator in applause for what they did, and what such people did in my city, but I do not want to fail to give some praise to the others who contributed.

Mr. NORRIS. Nor do I.

Mr. LEWIS. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. LEWIS. I would like to ask the eminent Senator from Nebraska his judgment on the following test: If this Government shall proceed to levy the proportion of tax the Senator has just described, practically consuming two-thirds and sometimes practically the whole of the large fortunes, does the Senator think those who have made fortunes will again make an effort to make another, and will put people to work and into employment, and undertake their business

further, if it really is to be wholly confiscated by the Government under the cry of necessity?

Mr. NORRIS. Mr. President, the Senator might as well ask this question, If we levy a tax on the man who is getting \$3,000 a year, as we will, probably, are we going to discourage him so that he will quit work next year, or quit work forever? If we levy, as we would under this amendment, a tax of \$830 on the man receiving \$10,000 a year, is he going to quit? Do you suppose he will stop and say, "You make it impossible for me to go on, and have taken so much of my income in taxes." Yet we have left thousands and thousands of dollars to the big-income man where we have left a penny for the \$10,000-a-year man.

Let me answer the Senator's other question. The Senator is wondering, if we tax these big incomes, whether the fellows who have the big incomes are going to quit business. We taxed them in 1918, and they did not stop then. They went on climbing up the financial ladder higher and higher. Suppose they should stop. If we have to get the money somewhere, we must go where it is, and if all the people who pay taxes strike we will not get a penny, and our Government will be chaos in 24 hours; it will be gone.

Mr. LEWIS. Mr. President, I answer the Senator by calling his attention to the fact that the tax of 1918 has an equity which appeals to us all when we reflect that most of the fortunes of that day were made by the profiteers, who made them after we entered the war, or in the years just before.

I reply, then, to the Senator as to the \$10,000-a-year man, and the \$3,000-a-year man, and the millionaire. What I ask the Senator is his judgment, which I greatly respect, as to this question: Would not the men thereafter begin to limit their production, and since the \$10,000 man saw that \$3,000 was being taken from him, would he not gradually limit his capacity to nothing further than serving his need? Would he not cut off the opportunity of employment of many in the larger undertakings that did produce the profits to which the eminent Senator alluded? That is my fear.

Mr. NORRIS. I say no; he would not. It is not the experience of history. It seems to me it is contrary to good business judgment; and if it is true that people are going to do that we might just as well throw up the sponge. If the man with big income and the man with little income are going to so shape their business that they will not have any taxes to pay, we will not collect anything for the Government; that is true. If they do that, it will be a demonstration of the fact that our country is almost unanimously unpatriotic. Then we can say to almost all the people, "You do not love your country. You want it to fail."

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. COUZENS. I was just wondering whether the Senator could mention any Senator who would resign because he was going to be taxed \$830 on his salary.

Mr. LEWIS. Does the Senator address his query to me?

Mr. COUZENS. No; it applies to the Senator from Illinois, but I was asking the question of the Senator from Nebraska.

Mr. LEWIS. Then I respond that if any Senator has chosen this body and been elected here for money he ought to be put out before the question comes of the quantity he receives.

Mr. COUZENS. Oh, but the Senator receives his \$10,000, whether he came for that purpose or for some patriotic purpose.

Mr. LEWIS. His motive of service is not resting on his pay; and it may be assumed that when he gave up his business, whatever it was, and took this office as a servant of the people, the impetus and incentive was service to mankind and not to himself in dollars and cents.

Mr. COUZENS. Oh, but the Senator seems to forget that he may be speaking of himself alone. I know Senators who are here for their salaries.

Mr. LEWIS. I regret that they hold their seats, if that be their only purpose.

Mr. COUZENS. And they have just as much right to hold their seats for their salaries as a lawyer or a doctor or a professional man or an engineer has the right to hold his job for his salary. I do not so underestimate my capacity as to contend that I hold this position wholly from patriotic motives. I contend that I am worth my salary.

Mr. LEWIS. We who know the Senator from Michigan and are familiar with his labors here deny that he is stimulated by anything except a desire to render patriotic service for the benefit of his fellow men.

Mr. NORRIS. Mr. President, I enjoy this colloquy immensely, and from it I think I can draw a very beneficial lesson. The Senator from Illinois in his eloquent way has called our attention to the motives which animate men to action, and he says that Senators are not here for their salaries, that they are here to perform a patriotic service. When the Senator intimates that the man with a million-dollar income, if we tax him on it, will stop making money, so that he will not have to pay his taxes, does he mean to intimate that that fellow is not patriotic? If the Senator's assumption is correct that we are here from patriotic motives, must we not attribute patriotic motives to the man with an income of a million dollars? If he is patriotic, would he be so mean, so inconsiderate of his fellow men and of the country which enabled him to make this great income to say, "I will not make a cent" or, at least, "I will make less than \$3,000 this next year in order to save paying taxes"? In other words, the man with a million-dollar income would receive, net, \$300,000, and he is so unpatriotic that next year he will not make more than \$3,000 in order to save paying taxes to the Government. While he is doing that he will not have his \$300,000 either. He will lose his \$300,000. If he is not called upon to pay any taxes, instead of having \$300,000 to play with he will not have anything. So even if he were not so patriotic as a Senator is, it would be good business for him to go on making his million-dollar income, if he could.

Mr. President, I think that all these people are patriotic. I do not follow the Senator in his theory that these people would be so unpatriotic and be so unbusinesslike as not to make any money so as to avoid paying taxes. When we get in that condition we will not need a Senate; we will not have a Senate. We will have, as one of the Senators suggested the other day, a Mussolini.

I want to invite the attention of the Senator from New York. I was going to do it a moment ago, when I was interrupted by the Senator from Illinois [Mr. LEWIS].

Mr. LEWIS. Does the Senator mean interrupted or instructed? [Laughter.]

Mr. NORRIS. Both! The Senator from New York [Mr. COPELAND] spoke of men with great incomes who make contributions to the poor. Those contributions are deductible under the law, within certain limits, of course, so the contributors will not have to pay taxes on them anyway.

Mr. COPELAND. Of course, the amount of tax they would save in that way would be infinitesimal.

Mr. NORRIS. It depends on how much their contributions are. If they make very material contributions it would not be infinitesimal. It might be for them, of course, but it would not be for me.

Mr. COPELAND. The Senator is surely going to give some credit to these men, even though they have the misfortune to be rich, if they contribute some of their money for human relief. The point I have in mind is this—

Mr. NORRIS. Just a moment! What have I said that induces the Senator to suggest that I am trying to impute to these rich men any wrongful or unpatriotic or dishonorable motives?

Mr. COPELAND. I do not think the Senator intended to do that. From his suggestion that because they have an exemption or they can obtain a credit because of some contribution, I got the idea that perhaps the Senator thought they were making the contributions in order that they might get such an exemption.

Mr. NORRIS. I never intimated any such thing.

Mr. COPELAND. I am very glad indeed to know that.

Mr. NORRIS. I do not think I said anything from which the Senator could draw that kind of a conclusion.

Mr. COPELAND. The fact remains that rich people in New York City have given millions to relieve human distress when the city of New York could get no money from the banks in order that the city might give the relief, and when the Congress of the United States refused to grant the privilege to the Reconstruction Finance Corporation of giving or lending money for that purpose. I am not defending the rich man who seeks to evade his taxes. I think the man who is rich and has an income ought to be glad to pay a tax. But I know that there are millions of people in the country to-day who are hungry. I had a letter this morning, forwarded to me from my New York office, saying that yesterday a mother of seven children came there for help because she had no food in her house to give the children and no milk for the baby. There must be found some way to give relief to such people. My contention is that the Senator, by getting all the money the rich people may have and putting it into the Treasury of the United States, is not contributing to human relief.

Mr. NORRIS. The Senator would like to let the existing deficit go and say to the millions of hungry and unemployed of the United States, "Go to charity and get your relief." I do not believe in that. I want to tell the Senator, as I tried to tell him before, that while there are many men rich, many men poor, who have made wonderful contributions to charity—and I have not intimated anything to the contrary—there are, nevertheless, many hidebound millionaires who have not contributed a penny to charity. The only way to get those men's contribution is to levy a tax against them and get it by law.

Mr. COPELAND. I agree with the Senator. I know there are many hidebound millionaires who have put all of their property in tax-exempt securities.

Mr. NORRIS. If they do they help the taxpayers, who thereby have less interest to pay on those tax-exempt securities. At least that much can be said for them.

Mr. COPELAND. The Senator and I are not separated by the thickness of a sheet of paper. We want human relief and we have no prospect of getting it from the Congress of the United States. When the President talks about a paltry \$250,000,000 or \$300,000,000 for human relief, how absurd it is when we know there are 10,000,000 men and women in the country without any money whatever and without any means of help from private charity because the Government must not violate the theories of political economy and make any contribution for human relief.

Mr. NORRIS. That is all very nice, but it has not any more to do with this amendment to levy a tax to enable the Government to balance the Budget than the flowers that bloom in the springtime. The men who are going to contribute will contribute whether this amendment is adopted or not, and those who are not going to contribute will not contribute whether it is adopted or not.

Mr. President, the Senator from New York calls attention to tax-exempt securities, and I want to say just a word about them. I think there is an erroneous idea in the country to-day about tax-exempt securities and their evil. I want to preface what I have to say by making this remark: If I had my way, there would not be such a thing as a tax-exempt security. We originally voted during the war to exempt Liberty bonds. The first issue was entirely exempt. All the issues after that were only partially exempt; they were exempt only as to normal taxes. I voted against those provisions. I would be glad to vote for a tax on the salaries of State officials just the same as on the salaries of Federal officials. I would vote for a tax upon the municipal bonds of every city and of every county and of every State. In other words, if I had my way there would be no such thing as tax-exempt securities. But I do not have my way.

Some of the greatest lawyers in the country believe, and apparently the opinion of 90 per cent of the Members of Congress is, that we have no constitutional authority to tax municipal bonds, county bonds, and State bonds; that

we have no constitutional authority to levy an income tax upon the salary of a governor or of a State judge or of a member of a State legislature. For practical purposes we must assume that to be the law. The theory is that the right to tax probably could mean the right to destroy. I do not want to enter into a legal discussion now, but I have always believed and I still believe that in theory there is nothing wrong about taxing State securities and the salaries of State officials. If we undertake to levy a tax upon them that is different from the tax upon other officials, where it is conceded we do have authority to levy a tax, then the constitutional objection could be raised.

But I concede to begin with that my idea does not prevail, so we have tax-exempt securities, and we can not avoid it. The evil which has come from that kind of securities has been, in my judgment, greatly exaggerated. In the first place, the Senator from Michigan [Mr. COUZENS] showed yesterday by statistics that the great fortunes of the country have not been invested and are not being invested in tax-exempt securities.

Mr. LONG. Mr. President—

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. The fact is that municipal bonds that are tax exempt have usually an interest limit. As an example, in the State of Louisiana our bonds are limited to 5 per cent. We have sold those bonds as low as $4\frac{1}{2}$ per cent. Had we not a tax exemption, the bonds could not have been sold at $4\frac{1}{2}$ per cent and much of our financing could not have been done at the constitutional limit. When we commence talking about taxing securities which are now tax exempt we are not proposing to do anything but take the money out of the pockets of the State and put it in the pockets of the Federal Government, making it all the more difficult to finance the public projects of the States and of the United States to-day.

Mr. NORRIS. I thank the Senator. He has really anticipated me. I was going to make the point he has just made. It seems to me perfectly clear. If people invested all of their incomes in tax-exempt securities they would be unable in those States to make all the internal improvements at a very much reduced cost. Everybody knows that a county bond in the State of Utah, for example, exempt from taxation, goes on the market at a lower rate of interest than though it were taxable. That is absolutely true. It is the same with every other tax-exempt security. If they were not tax exempt, the rate of interest would be higher and the people who pay the taxes, who must pay the interest and the principal of those bonds, would have to pay the extra cost. After all, we would be taking it out of one pocket and putting it in another pocket. To my mind it is almost immaterial—one hand washes the other—and the only reason why I would tax them all would be because it would relieve the country and the Federal Government in particular of the idea which is almost generally prevalent that we are suffering from the existence of tax-exempt securities.

Let me refer to Federal bonds, our Liberty bonds, for instance. The first issue of Liberty bonds were sold at $3\frac{1}{2}$ per cent. They were tax exempt, exempt from State and Federal taxes. Inheritance and State taxes applied to them. They sold at $3\frac{1}{2}$ per cent interest and except during the depression they have always been above par on the market. We paid as high as $4\frac{1}{2}$ or 5 per cent before we got through borrowing money. We have now outstanding a large amount of Federal bonds drawing $4\frac{1}{4}$ per cent interest. At the present time, or the last time I looked at the figures, these bonds were selling a little above par, but for weeks during the depression they were below par. I presume if we looked at the sales on the New York Exchange on yesterday we would find the $3\frac{1}{2}$ per cent bonds being sold above par or at least at par. If they were taxable, the rate of interest would have to be higher on all

of them, so it is just as long as it is broad, and it does not make any particular difference.

Mr. President, who are the people who invest in tax-exempt securities as a rule? I believe I can use an illustration, perhaps. Members of the Senate, whose time is taken up with their duties here, who have not any time to look after their private business affairs. They probably invest their money in bonds, whether they are tax exempt or not, because it relieves them of the necessity of giving them any attention. Another class of people are those represented by large estates and insurance companies, such as are required to keep large amounts of money invested in bonds as securities, or trustees of estates, charitable institutions, and so forth. They invest not for speculation but for safe investment, not expecting a large return, but one that is certain and about which there is no risk involved.

As the Senator from Michigan [Mr. COUZENS] showed yesterday, most of the tax-exempt securities are held by estates and widows. They are not held as a matter of fact by the men who pay the big income taxes. If we look them over and see the dividends they have paid in the past, we will see the reason why they are considered good investments. It is considered good business to make such investments. If a millionaire buys a million dollars' worth of bonds, he pays a million dollars, or something like that, for them; and whoever gets it uses the money. It does not make much difference whether he uses it or whether the man who sells him the bonds uses it.

Mr. LONG. Mr. President, I should like further to invite the Senator's attention to the fact that the supposed era of tax-exempt securities, and it may be said also the era of high income levies, was the very period when private capital on large scale controlled by men of great fortunes extended its operations more than ever before into private fields, taking in the stores of the country, the banks, and the oil companies. They were not attracted by tax-exempt securities. There never was such an era for taking over of the business of the country as there has been since tax-exempt securities have been on the market.

Mr. NORRIS. I think that is literally true. There never has been a similar period in the history of this country when such operations have been carried to a greater extent than since tax-exempt securities began flooding the market.

Mr. President, I do not want to detain the Senate, but I want to say in conclusion that I look upon this question as a serious one; I think it is one of the serious things connected with the pending bill. Here is an opportunity to levy a tax that will not hurt anybody. The burden will fall upon those who are able to bear it. We have got to place it somewhere. Let us forget our prejudices, if we have any, and realize that somewhere we must levy this tax; from some source we must raise this money. It seems to me we can not hesitate to say it is easier and better for everybody if we raise it from the sources that have money in plenty and in proportion to the amount they have than it is to raise it from taxes levied upon the already overburdened poor.

So it seems to me we ought not to hesitate to adopt this amendment even though we do not agree, as I do not, with the rates suggested in all the brackets. This is an amendment that levies its toll upon the rich and the moderately situated. The average citizen is going to have his taxes increased, but not nearly as greatly as is the rich citizen with a large income. Remember always if they do not have incomes they do not pay the tax; it is no burden upon anybody who does not pay the tax; and the amount to be paid depends upon the amount of income. If the income is big, the tax is big; if the income is small, the tax is small. So it will levy tribute in proportion to the ability of people with incomes to pay.

The PRESIDING OFFICER. The question is upon the amendment offered by the Senator from Michigan.

Mr. McNARY. Mr. President, I ask unanimous consent that when the Senate shall have concluded its business to-day it take a recess until 11 o'clock a. m. Monday next.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HARRISON. I am just wondering, Mr. President, as I think are other Senators who are interested in this particular legislation, if it is possible for us to reach some kind of an agreement?

Mr. SMOOT. Does the Senator mean as to a time for a vote?

Mr. HARRISON. An agreement as to a vote or as to a limitation of debate, either.

Mr. SMOOT. I ask unanimous consent that beginning Monday at 11 o'clock all speeches upon the pending amendment shall be limited to 10 minutes.

Mr. LONG. I object.

Mr. LEWIS. Mr. President, I feel a question of that kind ought not to be submitted with so sparse an attendance of the Senate. A larger number should be here to accept this proposition, if it is acceptable.

The PRESIDING OFFICER. Objection is made.

Mr. SMOOT. Mr. President, as there is objection, I withdraw the request.

Mr. LEWIS obtained the floor.

Mr. LONG. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. LEWIS. I yield.

Mr. LONG. I was going to suggest, not to interfere with the Senator from Illinois, that possibly it would be well that we should take an early recess this afternoon. I see no reason for staying here. So I suggest that the Senate take an early recess this afternoon, as other Senators seem to desire that such action be taken.

Mr. SMOOT. The Senator from Illinois [Mr. LEWIS] desires to speak. When he shall have concluded, if no other Senator desires to address the Senate a recess may be taken.

Mr. LONG. We will not vote on the amendment to-day, will we?

Mr. SMOOT. No; we will not vote on it to-day.

Mr. LEWIS. Mr. President, do I understand from the eminent chairman of the committee, the Senator from Utah, that it is not contemplated to vote to-day on the amendment offered by the Senator from Michigan?

Mr. SMOOT. I am quite sure that we can not secure a vote on it to-day. I hope, however, that on Monday we may have a limitation of debate.

Mr. LEWIS. Mr. President, listening to the observations of Senators SMOOT, NORRIS, and COUZENS on this tax bill, I rise to submit some conclusions on the pending tax bill as I view it. The country may behold that there are no divisions here in the Senate as to which is the Democratic measure, and which is the Republican. For myself, I do not know what Democrats favor one or the other. I have not been able to attend either counsel or consultation in either conference or assembly by which I could deduce what is either desired by my party or would be practicable to its welfare as a political party. I present whatever views I have as a Member of this body representing a State whose people must respond to this tax, whatever it may be.

From my point of view, contemplating the country as I see it and as I feel all my countrymen must perceive it, I regard this tax bill a wholly unnecessary procedure. From my point of view, it can not be justified upon the basis of any argument that rightfully considers the present situation of the Nation and the just rights of its citizens.

Here is a tax upon America designated as the Smoot-Hawley tariff bill. That tax remains in all its horror of application and the severity of its burdens. The only relief that gave some promise and afforded the possibility of some benefit was presented by the eminent Senator from Mississippi [Mr. HARRISON], the leader of the minority on the Finance Committee. It has just received its congé, as it were—its disapproval and veto—by the President of the United States. This was on the day before yesterday. That particular veto laid low to its burial any hope that might have been indulged for benefit or relief under the proposition,

though it was accepted by the Senate and adopted by the other House.

In addition to that tax, all the other taxes remain upon the books—corporation, personal, internal revenue—like a brand of pickles, 56 varieties, all exacting in their persecuting form the response of the citizen from his pennies to his dollars, and from his dollars to his property, and from his property to his income, and from his income to his business, and from his business to his hopes. All hang over the citizen and still pend above him as a cloud of fire, with all the threats and their dire disaster.

The Senator from New York [Mr. COPELAND] brought to the attention of this body a moment past how the Treasury, though overflowing, perchance, with the accumulations of money drawn there by the ferocious and impelling hand of taxation, would still contribute nothing to the immediate needs of those who are without bread and without shelter. This because every method devised to appropriate the money immediately in the form of relief is interdicted in some form by the eminent officials in power who reserve the right to veto the popular will, however expressed, and this even when it runs counter to the political advantage of those who hope to be returned again to power by the same methods that have been administered in the Republic and brought them to life and have brought upon the Nation such affliction as it now endures.

Then we ask ourselves the question, What does the present tax bill do? It levies further taxes, first, upon income. I agree with our friend and benefactor of public welfare, the Senator from Nebraska [Mr. NORRIS], that the matter of income does not seriously disturb the Senators. There are none of them here who rose to acknowledge that they were those whose incomes were of the million-dollar class nor having such expectancy. But we pause to consider those rightly earned incomes which we are under oath and by sense of duty bound to justly protect as honest property of the constituents for whom we speak.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Utah?

Mr. LEWIS. I yield to the Senator from Utah.

Mr. SMOOT. I think that that is exactly what the committee has done. Let me call the Senator's attention to the fact that an individual living in the United States with a net income of \$3,000 under the House bill will pay \$3 and under the Senate Finance Committee bill will pay \$4, while an individual living in England, having exactly the same net income, instead of paying \$3, will pay \$303. What would the Senator do? Would he exclude all citizens from paying taxes whose net income—I do not mean gross income but net income with all the allowances provided by law—does not exceed \$3,000 a year? All they pay now under the bill is \$4 a year.

Mr. LEWIS. Mr. President, the Senator seems to labor under the idea that my remarks are addressed in opposition to the income tax. He forgets that we both sat in this United States Senate as Members when I was allowed the privilege and dared the audacity to present, as one of the floor representatives of the Democratic side of the Chamber, the very income tax bills that were the first and second under the Constitution which allowed them. The Senator must not fall into the error of supposing, merely because of the preliminary observations I have made, that it is my purpose to oppose an income tax wherever it should justly be levied.

I recognize that we have at present a law that does levy these income taxes. I seek neither its repeal nor its qualification. I speak of what I object to now in detail.

I object to a new tax bill being put upon the country where, from my point of view, as will be revealed in a moment, I find it wholly unnecessary. Second, I object because I feel that the method of its adoption or the means of its enforcement does not remedy a situation which should be remedied, and which calls for immediate relief by another

system more practicable and more serviceable to those necessities. I mention them.

I first answer the Senator's comparison with England. I am not interested in the comparison, however much respect I would pay to any suggestion from the eminent Senator from Utah. My answer is, This is America and not England. Our wealth and our income, our position and our situation, can not be used as a parallel to the situations of England, either from the war, her population, or her necessities.

Mr. LONG. Mr. President, will the Senator pardon a question?

Mr. LEWIS. Oh, surely; I yield to the Senator.

Mr. LONG. Has the Senator from Illinois never been sent to London?

Mr. LEWIS. I have been sent officially to London. I have been honored in some slight regard in that respect by this Senate and a former President of the United States; but if the eminent Senator means to parallel my being sent with the privileges granted the late Secretary of the Treasury, with such honor as is afforded him and such privileges as attend him as Secretary and Ambassador, I answer never, nor do I hope to occupy that confusing sphere. [Laughter.]

But I return to mark for a moment the point I wish to indent.

I feel that further tax bills than now in force are wholly unnecessary and, as I see it, wholly unjustified; I mean in addition to the tax bills that are now levied upon the Nation. I now tender from my lips in speech a substitute for the new tax bills proposed. It is that this Government lay a bond issue on the Nation of \$5,000,000,000; that it be so arranged in its construction and adjustment as to exempt the present generation from the burden of its interest and principal proportionately; that it place the burden of the payment of the bonds upon that other generation that will enjoy the benefits of the Government but has not been compelled either to bear the burdens of the war in conflict or its expense of Government paid to the Treasury.

If the private interview I observe between my friend from Louisiana [Mr. Long] and my friend from Utah [Mr. Smoot] is not wholly confidential, I should like to hear it for my enjoyment. [Laughter.]

Mr. LONG. If the Senator will yield, the Senator from Utah and I were discussing whether or not we would suggest that the Senator exempt the next two generations.

Mr. LEWIS. If the distinguished Senator has in contemplation his dearly beloved young ones, I would, out of regard to them, consider that, of course. [Laughter.]

I return, Mr. President, to say that I would then with this bond issue, and from its results—which would come from all over the world—since the nations of the earth, having no confidence in their own securities, largely from the fact of such conditions as the eminent Senator from Utah has described in the case of England, they would promptly purchase these, our securities, in preference to any of the world—from the results of the sales I would pay the deficit which is being spoken of constantly as that which calls for that euphonistic aphorism of "balancing the Budget." [Laughter.]

There is no effort whatever to cut the Budget in the places where it should be deflated and where it should be decapitated. The whole theme seems to be, however largely multiplied it is in burden or however severely it may oppress the citizen, to leave it, and to harass the citizen further by draining from him additional and multiplied taxes to equal that heavy proposed expenditure in the Budget without any regard to its equity or its justice in an hour like this bearing upon us.

May I ask the eminent Senator from Oregon [Mr. STEIWER in the chair], than whom there is no nobler or better gentleman representing his State, has there been any proposition of reducing the millions and millions that are to go into the Columbia River, I venture? Does the eminent President of the United States intimate that reductions should be made in the \$800,000,000 that is to go to the Hoover Dam, or these like projects directed for contractors' profits, or is there

any suggestion of diminishing the plan of "beautifying" the city of Washington by tearing down buildings in scores, turning them into sand and eruption and building in their places temples for admiration and habitation, social and commercial, such as the establishment for the Secretary of Commerce? What movement is being made to overcome all this by desisting temporarily from spending this almost billion and by doing so relieve the citizen of the necessity of meeting by taxation these ill-considered and heartless exactions on the taxpayer?

I merely mention these few as illustrations. Therefore, again to return, I say that this bond issue shall first pay the deficit. Then with the deficit paid, Mr. President, I propose that the remaining sum shall go to such proper public undertakings as will give employment to that vast number who are waiting patiently, dreaming hopefully, trusting confidently that from this body they will have their relief. Sirs, I say that in their days of patient waiting they exhibit a patriotism and a devotion to their land which better marks the character of the American than that described by my eminent friend from Nebraska [Mr. NORRIS] or the eminent Senator from New York [Mr. COPELAND] of these who, better clad, better supported, more supplied in bank account, may show their patriotism merely by paying the surplus of their possessions to the Government in the hour of its extremity. Then, turning the remaining sum drawn from the bonds to the maintenance of those who have a right now to ask at the hands of the Government just service, and full pay to the soldier, as may be his due. In this way, I point out, we would meet the Nation's demand; we would start the Government again along the road of prosperity.

And now to the eminent Senator from Utah [Mr. SMOOT] and my friend from Louisiana, Brother LONG, I respond: Then let the income taxes as they are now adjusted in the present existing law go to the payment of the ordinary daily expense of government; and then let us levy an adjusted tax upon inheritances. I do not mean the same rate upon all inheritances. All inheritances should not be taxed equally because they are the same sum in quantity. Inheritances which have passed into the hands of those who have honestly applied them in business and sought to extend them to industry and give employment to individuals and equally multiply the opportunities of their country should be guarded and protected with proper caution and justice. But let me allude to the others. Those which have passed into the hands of the putrid sons of the financial scion. They who spend their time capering upon their yachts in distant waters, accompanied with their diamond-bedecked Delilahs as their companions of joy, while the tendrils of tinkling music as their accompaniment of sweetness drown all sense of responsibility to citizenship. Those whose offenses in different parts of the land cast a corruption upon this America and reflecting upon its honor, leave it the dastardly object of scorn from every land of the world. Let this kind of inheritances, being used for the pollution of the generation, be early seized in a very large sum and be compelled to pay the Government that which would carry it on further in the other things necessary to honest life of noble citizenry and put embargo on the multiplication of the generation I describe, alluded to in St. Matthew as the generation of vipers and all uncleanness.

Thus you will observe that from the bond issue and its results, from the income taxes properly proportioned in the law as it now stands, and from the inheritance tax that I mentioned, we will have had a sufficient sum in total for all the immediate purposes of this Government, without levying one dollar extra upon the immediate business of the citizen, stressing his home, straining his life, frightening his project, and leaving him in the future with an uncertainty that seems to paralyze every prospective hope of prosperity in America.

Mr. LONG. Mr. President—

Mr. LEWIS. I yield to the Senator from Louisiana.

Mr. LONG. The Senator is not far from the kingdom in what he is saying, according to my ideas of what a perfect

kingdom is. Just how would he designate this "putrid son"—by amounts?

Mr. LEWIS. The Senator means to ask how I would designate the amount of the tax?

Mr. LONG. I mean, we want to locate the man who answers to this description; and I think the Senator is right about that. I agree with him entirely.

Mr. LEWIS. Then I know I am right. [Laughter.]

Mr. LONG. If the Senator did not know that before; but how are we going to locate this party? I thought perhaps the Senator had an idea along that line.

Mr. LEWIS. Does my friend mean how I would locate the amount and quantity of the tax, or how I would locate the individual?

Mr. LONG. The individual. The Senator referred to this man who has so much money that he can sail the high seas, or the lowlands, or the low waters in his yachts, with diamond-bedecked parties along with him.

Mr. LEWIS. Did I say "parties"? I think I made that singular, because it is singular indeed to have it occur. [Laughter.]

Mr. LONG. Oh, did the Senator do that? That is probably due to age. [Laughter.]

Mr. LEWIS. That may be self-applied to the Senator. I do not know to whom else he could appropriately apply it. [Laughter.]

I answer my friend to say every State of the Union has its form of tax collector locally. I would say to the energetic and I may say ever-consistent Senator from Louisiana in his championship of the common masses, that those individuals who hold the office of county tax collector, such as he knows in Louisiana, over which State he has presided as executive, knows the particular citizens of that county. The State officer knows those of the State; and in that manner these individuals who come under one description or the other are easily tallied, and their general whereabouts is invariably advertised by their habits. Thus they will be located, and I trust none of them will escape and never be deserted by the tax authorities, when we come to consider their kind and their worth.

But I must conclude.

Mr. LONG. Mr. President, if the Senator will yield further—

Mr. LEWIS. I yield.

Mr. LONG. I do not think that description can be written into a law. The only means I see by which we can lay the tax on inheritances that the Senator proposes is by fixing certain limits beyond which an inheritance becomes useless, or nearly useless.

I do not think the Senator from Illinois or any other Senator would contend that we could write into the law that the one who is accustomed to riotous and abandoned living shall pay so much tax, and the one who spends his time working shall pay less. I think, and I was hoping the Senator might agree, that the proper method—I have proposed an amendment to cover that point—would be that after an inheritance reached a certain amount we should begin to lay on the inheritance tax, so as not to make it too heavy for the man who needs the money in industry.

Mr. LEWIS. It may be that placing a limitation beyond which a larger tax may be levied would have a certain equity in it. We have in the past adopted such a course; but one of the reasons why I can not subscribe to a resolution that shall limit the amount of wealth to be possessed by anyone earning it, is that I fear it would limit, at some time and maybe too often, those who earn and then apply that large wealth inherited to the noble undertakings of helping mankind with their surplus—in hospitals and educational institutions, in business and commercial enterprise, in works of religion and welfare. I desire to avoid punishing such as these and depriving the community of the blessings they confer. I hesitate to lay on those such punishment as would bring upon my country the loss that would follow, merely through seeking to tax the limited number who come under the anathema of my eminent friend who correctly characterized that number. They whom in every year we see ad-

vertised by their habits—not by their fruits, but by their sins, do we know them.

Now, Mr. President, having occupied more time than was my intent, I conclude my suggestion, as it partakes this moment of only a suggestion, in order to define and explain my purpose in tendering a substitute for the whole new tax bill. I ask, what other way can now be provided for these needs of the times and the necessities of our country?

The eminent Senator from New York [Mr. COPELAND] has made an allusion to when he and I jointly on this floor tendered an amendment which would have given the Government the privilege of extending loans to cities and States from the billions advanced for use to the finance construction board. I sought a relief to the State of Illinois, to relieve the conditions of great depression she was under, and the experiences of misery and oppression her citizens endured. I saw that city suffering from a plight which her best citizens could not be charged with responsibility for. Her school-teachers not being paid. For months they were without the ordinary necessities of life and deprived of sustenance and maintenance. I wanted the police and the officers of government of Chicago promptly provided for, to the end that government should go on; so that which we have heard so often described on this floor in flaming tongue—the lawlessness of the land—could not be encouraged by the consciousness of the criminal that those whose duty it was to obstruct that lawlessness by the enforcement of the law were put out of commission, from the fact that they were put out of employment for lack of compensation.

When we sought this relief, eminent gentlemen on this floor denied the right, because such action would have been something of an innovation upon the older theories of government, in conflict. It was contended that such conflicted with constitutional construction.

To-day, however, the President of the United States, as published in the press, concedes the theory. He now, with commendable courage and justice, puts his new adaptation on the ground that the private relief which heretofore has been held up by the White House as being wholly sufficient has failed to serve the purpose, and that the method of applying to the Federal Government for the distribution of loans to the cities and the States is the one remaining in which there was some hope of relief. For this we all commend and support our Chief Executive.

Yet I can not refrain from saying that since, sir, the principle is now conceded, the great mass of people will flash the inquiry to the White House, "Why, for six months, have you let us hunger and starve, our children die for want of food, not a shelter over their heads in the cold enduring hours of a miserable existence, when, if the principle is right now, it was right then?"

Where is the man who can justify the manner we parleyed and played with these situations, until we brought them now to where a surrender is made before the world, and by it we confess that this, our great America, stands with her citizenship with her hands held out to charity, beseeching the mercy of the Government to the sustenance and the life of American citizens who tendered, in numbers upon numbers, all they had of life and honor to save their country.

It has reached the end. This Government must not longer play with these vicissitudes and miseries; and since there are methods now conceded through which these remedies can be had, these reliefs enjoyed, let us enter upon them—here and now enter upon the duty that we may realize our great United States in the fulfillment of her mission, caring for her people, lifting them to the heights of honor, holding them high in independence, from which we, too, may point to this as the assurance of patriotic support from her sons in any national peril as we paraphrase the poet Browning and proclaim to the world:

God's in his heaven,
All's well with America.

Mr. TRAMMELL. Mr. President, I made some observations this morning in regard to the proposed increase of the income tax in the lower brackets suggested by the amend-

ment of the Senator from Michigan [Mr. COUZENS]. At that time I was without any data to support my position, but I felt confident that I was correct in asserting that a major portion of the increase which he contemplated by his amendment would be taken from the people of this country of small and only medium incomes.

I have before me—and I believe it has been sent to the desk since I made those observations—a table compiled either by the Senator from Michigan or some one serving him, showing the amount which his proposed increases will provide. I am not going to take the time to put the entire table into the RECORD at this time but will discuss it probably next week.

I find from this table that persons in that bracket having net incomes of from one to two thousand dollars only under the present law, pay, in the gross, \$1,100,000 annually. Under the bill recommended by the Finance Committee persons with net incomes of from one to two thousand dollars only would contribute \$17,800,000. Persons with incomes of from one to two thousand dollars, under the amendment proposed by the Senator from Michigan, would contribute \$40,572,000 in the way of income taxes. Persons receiving net incomes of from one to two thousand dollars per annum would therefore, under the Senator's amendment, contribute about \$39,000,000 more toward the support of the Government, under this one tax, than they are contributing at the present time.

The Senator's amendment would increase the total amount on incomes of from one to two thousand dollars, over the rate proposed by the Finance Committee in the bill we are considering, from \$17,800,000 to \$40,552,000; the increase in the tax upon this class of taxpayers being \$22,772,000, according to the Senator's own statistics. In other words, people paying taxes on incomes of from one to two thousand dollars would, if we adopted the Senator's bracket on this particular rate, contribute over \$22,000,000 per annum more than they would under the bill proposed by the Finance Committee.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. TRAMMELL. I would like to get this consecutively in the RECORD, if the Senator will pardon me for not yielding now.

The Senator from Michigan proposes big increases all along, beginning at the very lowest brackets. Let us take, according to his own table, incomes of from two to three thousand dollars net. I do not think anybody can say that we would be swatting the rich if we swatted the man with an income of two to three thousand dollars a year net. Some seem to be basing their support of the amendment on the idea that they are going to swat the rich, that we are going to make the people with big incomes pay. While we were doing that, if that is the idea—and I do not believe in that kind of a policy; I believe in treating everybody fairly—while we were doing that, I do not know whom we would be swatting more than the poor man who makes only one, two, three, four, or five thousand dollars a year net income.

In this bracket of incomes of from two to three thousand dollars the present law provides a rate which brings in a return of \$2,730,000. The Finance Committee bill would provide a revenue of \$18,200,000. The amendment offered by the Senator from Michigan would provide a revenue of \$49,624,200. In other words, he proposes to increase the rate prescribed by the Finance Committee on incomes of from two to three thousand dollars so that the return would jump from \$18,000,000, in round figures, to \$49,000,000. He proposes to increase it more than 100 per cent.

In the three to five thousand dollar net income bracket, at present the taxpayers pay only \$5,120,000. Under the bill proposed by the Finance Committee they would pay only \$28,500,000. Under the amendment proposed by the Senator from Michigan, they would pay \$99,000,000, an increase of \$70,500,000 from those with incomes of from three to five thousand dollars, as against the bill of the Finance Committee.

I have not had time to compile these figures into groups, except as to incomes of from one to five thousand dollars a

year. We see how the Senator's amendment discriminates against the people of this country who are making merely slightly more than a bare living, probably just a small amount above the ordinary living expenses.

On net incomes of from one to five thousand dollars, under the present law we collect \$8,950,000, according to the Senator's statistics. On incomes of from one to five thousand dollars, under the bill proposed by the Finance Committee, the collection is estimated to be \$64,500,000. Under the amendment proposed by the Senator from Michigan, on incomes of from one to five thousand dollars, the estimate of the collection is \$189,196,200. In other words, if we adopt the amendment proposed by the Senator from Michigan, on incomes of from one to five thousand dollars we would collect 300 per cent more out of the people in that bracket than under the bill proposed by the Finance Committee, the difference between \$64,000,000 and \$189,000,000, practically 300 per cent more. A tremendous increase of the taxes on the people of such moderate incomes.

Under the rates proposed by the Senate committee in these first brackets, covering incomes of from one to five thousand dollars, the rates suggested in the amendment of the Senator from Michigan would provide \$124,696,000 in excess of the amount collected under the rate proposed by the Finance Committee.

Those are the features of the bill which I thought it proper to bring to the attention of the Senate, because as far as I am concerned, I can not support those provisions of the Senator's amendment. If I had had opportunity to group the figures so as to include incomes up to \$10,000 a year, I am sure the figures would have astounded Senators. The tax would average at least 300 per cent more than under the rates proposed by the Finance Committee.

My observation was directed at that particular policy of the amendment proposed by the Senator from Michigan, and also his effort to cut down the exemption of the head of a family from \$2,500, as proposed by the Senate Finance Committee, to \$2,000 and to cut down the exemption of \$400 for dependent minors under 18 years of age to \$200.

I did not mention one feature which I have since noticed in his amendment. The Senator from Michigan proposes to do away with the provision relating to earned income. He wants a person to make just as much money out of capital as out of his individual efforts and labor. He has proposed that in his amendment. For years we have carried the earned-income provision in our tax laws. I think it has been regarded as a very wise policy and a very just policy, upon the theory that a man's earnings from his endeavors and his labors, his talents, and his energies, should have a little recognition over the earnings that come from capital investment. But the amendment of the Senator from Michigan proposes to strike that provision from the text of the bill as reported by the Finance Committee.

I wanted these figures in the RECORD which I have taken from the statistics of the Senator from Michigan. I wanted them to appear in connection with my observations to-day. That is the reason why I have offered them this afternoon. Unless he sees proper to change his amendment, which proposes such big increase in the tax upon these low incomes and moderate incomes, I shall feel impelled to make some further observations when we again reach this feature of the bill.

Mr. LONG. Mr. President, I desire to reoffer the amendment which I originally proposed, with the paging changed in order to conform with the new print of the bill.

The PRESIDENT pro tempore. The amendment will be printed and lie upon the table.

AGRICULTURAL RELIEF

Mr. HOWELL. Mr. President, among the letters I have received from day to day respecting the agricultural situation are some that convey clear notions of the farmer's plight. I invite attention to one that came to my desk this morning. It reads as follows:

The Reconstruction Credit Corporation bill was passed with the promise that it would aid the farmers. But the farmers in this part of Iowa are saying they have received no help. The news-

papers give it out that money has been granted to banks, but if it has been loaned to banks it is not in this part of Iowa; at least no banks, so far as I can hear, are making loans to farmers.

All the banks in this city were closed. We had five. Fourteen out of seventeen banks were closed in the county. A new bank was organized in the city and has taken in about \$650,000 in deposits. In its report a week ago it shows it has made loans of \$29,000, or less than 5 per cent of its deposits, and out of this \$29,000 which was loaned, \$18,000 was loaned to an investment company, a subsidiary of one of the closed banks; so that less than \$11,000 was actually loaned to depositors.

This new bank showed by its report that it had bought and held \$650,000 of Government bonds, which meant that about \$650,000 had gone out of this city and county to buy Government bonds which are nontaxable, and left this community without any source for furnishing money either to farmers or business men. This bank announces that it will loan only to persons who own Government bonds which can be put up as collateral.

Farmers need money to renew mortgages on their farms, but such banks as we have make no loans on farms.

I wrote to the land bank in Omaha for a farmer asking for a modest loan to take up a mortgage of \$9,000, which was on his farm and held by a savings bank which closed its doors in October, 1931. The land bank at Omaha replied, "We make no loans for renewal purposes." The result is the farmers are losing their farms and are getting bitter. In this county 64 foreclosure suits were filed in the May term of court, twice as many as were ever started before at any one term in this county.

Here is a striking statement:

I give you a concrete illustration of what farmers are going through. A farmer here shipped a 215-pound hog to market on May 7, 1932. He got a check from the commission company for his hog. The check was for 5 cents! This 215-pound hog sold for \$1.60. The statement for this transaction is as follows:

Yardage	\$0.13
State weight charge	.01
Commission	.35
Fire insurance	.01
Transportation charges	.95
Total	1.55

This hog which brought the farmer 5 cents, after expenses were paid, cost him more than \$10 to raise.

And yet, Mr. President, the western railroads are to-day asking the Interstate Commerce Commission for a 10 per cent increase in rates on grain, and that despite the fact that the rates are now 44 per cent higher than they were prior to 1914.

To continue with the letter:

Illustrations of this kind can be multiplied without end. Can you blame the farmer for seeing red?

I beg of you that you appeal to your fellow Senators to pass some measure that will give the farmer a chance. If this is not done soon, a revolution as destructive as the French Revolution is liable to break out in this country.

This may sound like radical talk, but when men are driven off their farms and are hungry they will not stop at using force to gain that which their labor and sacrifice have produced. When that time comes it is going to be hard on the politician and the wobbly executive for neglecting the plea of the farmer for the last 10 years.

Mr. President, during this session we have done nothing for the farmer of a constructive character. There are industries which are highly profitable despite the depression. The power industry—and I am speaking of the operating power companies throughout the country—had a gross income last year of about \$1,900,000,000. Assuming the gross income in 1929, the boom year, as 100, the income in 1930 was 102.7 and in 1931 it was 101.5. For the first three months of this year the operating power companies of the country received but one-fourth of 1 per cent less in revenue than they received during the boom year of 1929. Here is a source of revenue to tax.

I am inviting attention to this fact: That there are industries highly prosperous even now, while the farmer is in despair. Yet Congress has done nothing for him during this session, although both parties pledged themselves in their 1928 platforms to enact something constructive for the farmer's relief. But Congress has failed to do anything of the kind. Are we to adjourn without action on behalf of the farmer or are we, Mr. President, to go home and tell the farmer nothing but this, "There was not the will in Congress to act in your behalf"? Agriculture must be rescued if prosperity returns to the Nation.

Mr. JONES. Mr. President, I would like to ask the Senator from Nebraska a question.

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. HOWELL. Certainly.

Mr. JONES. I sympathize very much with what the Senator has said not only to-day, but at other times. I myself think that the Senate ought to do something if it possibly can. I am going to ask this question in entire good faith and sincerity. Has the Senator proposed any concrete remedy for the situation that confronts us? Has the Senator any concrete proposal before any committee of the Senate?

Mr. HOWELL. Mr. President, reviewing the situation that exists at this time, and the short period that remains before Congress adjourns, I came to the conclusion that about the only thing we might get through Congress at this late day would be something with which Congress is familiar. Therefore I have had in mind the McNary-Haugen bill, twice enacted by Congress but vetoed each time. My notion is that possibly we could not get such a bill through Congress including all products, but we might get such a measure through both branches of Congress providing for an experiment with one product.

As a consequence I have introduced such a bill providing for one product, and I have left the name of the product to be determined by the committee, trusting them to select the product that would best serve the experiment. I felt that thus we might at least afford the farmer a consolation prize in the way of an experiment, if nothing more.

Mr. JONES. Let me suggest to the Senator that instead of pointing out that we are likely to adjourn in a month, I should like to hear him say we are not going to adjourn until something is done for the farmer. We do not have to adjourn so soon. This is not a limited session. I think it will be much better if we would notify those in authority that we propose that we shall do something for the farmer before we adjourn.

I might say that the Senator from North Dakota [Mr. Nye] just advised me that his committee has reported a measure along the lines suggested by the Senator from Nebraska. That has been done this morning. I think at least one bill has been reported in that connection, so there is something here upon which we can act, without saying that we must adjourn without doing anything.

Mr. HOWELL. Indeed, I thank the Senator for his expressions at this time. I have known what his attitude has been and that he would be in favor of constructive relief for agriculture.

EXPENSES OF ALABAMA SENATORIAL CONTEST

Mr. SHORTRIDGE. Mr. President, I again ask unanimous consent to take up and consider Senate Resolution 213, the resolution in respect to the late contest involving the Senatorship from the State of Alabama. The resolution was regularly introduced, referred to the appropriate committee, reported favorably as amended, and is upon the calendar.

The PRESIDENT pro tempore. Is there objection?

Mr. HARRISON. Mr. President, what is the request of the Senator from California?

Mr. SHORTRIDGE. Before answering immediately the Senator from Mississippi I wish to add that the resolution as amended is satisfactory to both the contestant and the contestee, the junior Senator from Alabama [Mr. BANKHEAD], who I believe is now present in the Chamber.

Here is the resolution as amended, I will say to the Senator from Mississippi, which reads as follows:

Resolved, That the Committee on Privileges and Elections, authorized by resolution of February 28, 1931, to hear and determine the pending contest between John H. Bankhead and J. Thomas Heflin involving the right to membership in the United States Senate as a Senator from the State of Alabama, hereby is authorized to expend from the contingent fund of the Senate \$30,000 in addition to the amount heretofore authorized for such purpose.

The resolution as originally introduced, may I say to the Senator—

Mr. HARRISON. Mr. President, I am not going to raise any objection to the consideration of the resolution, because I do not know anything about it; I am not on the committee. The Senator from New Mexico [Mr. BRATTON] says that he consented to it, I believe; but if there is any question about it, of course, the Senator from California will consent to a reconsideration of it on Monday?

Mr. SHORTRIDGE. Unquestionably.

Mr. HARRISON. Because there is a sparse attendance here and some Senator may be interested who is not present.

Mr. SHORTRIDGE. Let me add that the resolution originally called for \$35,000, but was amended to authorize the expenditure of \$30,000. I would not again have asked that the resolution be taken up, considered, and adopted until I had been advised, as I have been advised, that the Senator who objected this morning would consent to have the resolution taken up, considered, and disposed of.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. JONES. Mr. President, I should like to inquire of the Senator from California if he refers to the Senator from Utah [Mr. KING]?

Mr. SHORTRIDGE. I do.

Mr. JONES. Very well.

Mr. BRATTON. Mr. President, I shall not object to the consideration of the resolution, but it is understood that the committee will canvass the situation before any of the money shall be disbursed?

Mr. SHORTRIDGE. That is the understanding.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment, on line 7, after the word "Senate," to strike out "\$35,000" and insert "\$30,000," so as to make the resolution read:

Resolved, That the Committee on Privileges and Elections, authorized by resolution of February 23, 1931, to hear and determine the pending contest between John H. Bankhead and J. Thomas Heflin involving the right to membership in the United States Senate as a Senator from the State of Alabama, hereby is authorized to expend from the contingent fund of the Senate \$30,000 in addition to the amount heretofore authorized for such purpose.

The amendment was agreed to.

The resolution as amended was agreed to.

CONDITIONS IN COAL-MINING INDUSTRY IN KENTUCKY

Mr. COSTIGAN. Mr. President, the Senate has before it and the Committee on Manufactures is considering a resolution providing for an investigation of conditions in the coal-mining district of Kentucky. It appears suitable for the information of the Senate that an Associated Press dispatch, published this morning in the Baltimore Sun, with reference to conditions in Kentucky be incorporated in the Record, and I ask unanimous consent that that may be done.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Baltimore Sun, Saturday, May 14, 1932]

INJUNCTION DENIED KENTUCKY PROBERS—JUDGE, WHILE NOT BARRING THEM, SAYS THEIR LIVES WOULD BE IN DANGER—PARTY TO GO, HOWEVER—JURIST CHANGES MIND ABOUT ACCOMPANYING CIVIL LIBERTIES GROUP TO MINE AREA

LONDON, Ky., May 13.—Members of the American Civil Liberties Union investigating party will have no injunction to protect them when they enter the southeastern Kentucky mine area. Federal Judge A. M. J. Cochran denied their injunction petition to-night.

Simultaneously Judge Cochran announced he had changed his mind and would not accompany the party to the coal fields. In court last night he said he intended going with them to afford his personal protection.

SAYS DANGER IMPENDS

In denying the injunction Judge Cochran said he was not holding they had no right to enter the mine area, but strongly advised them not to do so in the face of testimony their lives would be in danger while there.

Arthur Garfield Hays, Ernest Sutherland Bates, the Rev. Charles C. Webber, Dr. Broadus Mitchell, of the Johns Hopkins University, all from the East, and the Rev. Eugene Sutherland, Louisville minister, promptly announced they would go to Bell County to-morrow regardless. Dudley Field Malone, international lawyer, who accompanied the group, said he was undecided whether he would make the trip.

The 73-year-old jurist said there was no evidence introduced at the hearing showing officials of the mountain counties had "acted in bad faith" in ejecting other delegations of investigators. His opinion was delivered orally. He urged the union delegation to appeal his decision, saying he would welcome a ruling on it by the Federal circuit court of appeals.

The judge said he would not accompany the delegation because he did not wish to be placed in a position where anyone might say he approved of their investigation.

"I agree with you," he said, "in your desire to protect the right of free speech, but I do not believe it advisable you go to our mountains to do it in the face of present conditions."

CITES CRY OF "FIRE"

"You advanced the notion here that you have the right to go down and condemn these officials for action which they took to prevent a breach of the peace. You can't express the ideas attributed to you in your own evidence here without doing that. Courts have held that it is unlawful to shout 'fire' in a crowded theater. Your proposed action under the conditions described as prevailing in Bell County would amount to that."

Malone, in final arguments for the injunction, expressed disbelief such conditions could exist in Bell and Harlan Counties as described by citizens and officers of those counties. He said he opposed "assumption of dictatorship," which he said Bell Countians appeared to have assumed.

SAYS RIGHTS ARE NOT DENIED

Cleon K. Calvert, Pineville attorney, arguing for the defense, said the rights of free speech and free assembly were not denied in Bell County. Referring to the union, he said:

"We call their idea of free speech 'unbridled license' and our view has been upheld by the Supreme Court."

Asserting 95 per cent of the citizens of Bell County did not want them there, he remarked, "After all it's their community and I do not think they have the right to endanger the peace."

Hays, basing his argument on a quotation from Voltaire: "I disagree with what you say, but I would die for your right to say it," said he was "ashamed" that the right of free speech was being waged mostly by radicals, "who use it trying to undermine our institutions." He said communism was not the greatest danger of the present times, but fascism, and he compared the acts of Bell County authorities to fascism.

WOULD BE POWERLESS

Police Chief Pearl Osborne, of Pineville, said his police force would be as powerless as "a gnat in a storm" to protect them, and Sheriff J. H. Blair, of Harlan County, testified his entire force of 150 deputies would be necessary to fully protect the delegation.

Both officers said they would guard the delegation from violence if it was threatened in their presence, but Osborne said he "couldn't follow them around" because of other duties. Blair said he wouldn't go "very far out of my way" to protect them.

Judge Cochran, who yesterday pointed out that those who were to be investigated have rights as well as the investigators, commented during the hearing that it was possible the officers had a legal right to eject a visiting delegation.

Springer Robinson, a Harlan County mine superintendent, testified general sentiment was strongly against another delegation visiting the county, and that even the women were aroused to the point of action.

SURVEY OF INDIAN CONDITIONS—EXPENSES

Mr. FRAZIER. I ask unanimous consent for the present consideration of Order of Business 717, being Senate Resolution 193. The resolution provides additional money for the expenses of the Subcommittee on Indian Affairs. The fund that we have is practically exhausted. We have made investigations in a majority of the States where Indians live, but the reports are not as yet all finished and we need more money in order to continue the work. The committee asked for \$12,000, but the Committee to Audit and Control the Contingent Expenses of the Senate has cut the amount in two, making it \$6,000, and we are willing to take that amount at the present time.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. JONES. Mr. President, I should like to ask the Senator how long he thinks this investigation is going to continue? My recollection is that it has been going on now for three or four years.

Mr. FRAZIER. The Indian question is a big one. We have a number of requests to visit States in which we have not been up to the present time, and I do not know that it will be possible for us to do so. We wish, however, to com-

plete the reports on which we are working at the present time concerning the investigations which we have made. The money which we now have will not last more than through this session of Congress. I think that the reports can all be in by that time.

Mr. JONES. Does the Senator think that the committee can possibly complete its investigation by next winter?

Mr. FRAZIER. I hardly think it can complete it, because, as I have said, the Indian question is a big one, and places that we investigated two or three years ago are now asking for further investigation. We can complete the work that we have done and perhaps carry on some few other investigations which we have been asked to make.

Mr. JONES. Does the Senator think it is very likely when the subcommittee makes an investigation one year that two or three years afterwards they will not have to reinvestigate the same situation?

Mr. FRAZIER. That depends entirely, as I see it, upon the attitude of the Department of the Interior and the Indian Bureau.

Mr. JONES. It rather seems to me that the committee ought to conduct its investigations independent of the Interior Department and of the Indian Bureau. I should like to see the investigation finished.

Mr. FRAZIER. When we make recommendations and they are not carried out by the department, a further investigation may be needed.

Mr. JONES. I do not see why the committee should make another investigation after one has been made and a report has been submitted just because the department may not carry out the recommendations. In that situation I see no reason why another investigation should be conducted.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. McNARY. Mr. President, on a number of occasions I have expressed my disapproval of considering measures on the calendar out of order. I want to ask the Senator from North Dakota if the money provided by the resolution is needed right away?

Mr. FRAZIER. Yes; it is.

Mr. McNARY. Will it be needed between now and the next occasion when we have a call of the calendar?

Mr. FRAZIER. The attorney for the subcommittee and the stenographer who is working with him in preparing the reports have not had their salaries paid for the last month.

Mr. McNARY. I am sure we will have a call of the calendar within a day or two, and I think the Senator had better wait until that time.

The PRESIDENT pro tempore. Objection is made.

GOVERNMENT ECONOMY—ADDRESS BY SENATOR CONNALLY

Mr. SHEPPARD. Mr. President, on the evening of May 12, 1932, my colleague the junior Senator from Texas [Mr. CONNALLY] delivered over the National Broadcasting radio hook-up in this city a notable address on the subject of Government Economy. I submit it for publication in the RECORD.

There being no objection, the address was ordered printed in the RECORD, as follows:

Ladies and gentlemen of the radio audience, the tender sympathy of America goes out to-night to Colonel and Mrs. Lindbergh. The Nation is shocked to learn that to the cruel crime of kidnaping has been added the dastardly and revolting murder of their innocent child. May the perpetrators of this foul and fiendish act of barbarism be apprehended and speedily punished by the severest penalties known to the law.

The Democratic National Committee has invited me to speak to you on economy and the reduction of expenses of the Federal Government.

No government has the right to spend a single dollar of the people's money above that necessary for the maintenance of an economical administration. Waste can not be defended. Extravagance is a breach of public faith. Squandering of public money is a form of embezzlement.

The tragic depression beginning in 1929 has converted business profits into losses; has changed private incomes into private deficits; has transformed a Government surplus into a staggering deficit of more than \$3,000,000,000. During the two years ending June 30, 1932, the Government has spent \$3,000,000,000 more than its income.

The Nation is faced by a financial crisis. The House, the Senate, and the President, without politics or partisanship, must meet the danger; the President's desire to be reelected ought to be submerged; Senators and Congressmen must forget their own fortunes; all must unite in a patriotic service to our common country. The truth can have no political bias. The truth bears no flavor of party.

In view of recent developments, which reveal a shrewd and cunning maneuver for political advantage, an artful and strategic maneuver designed to evade responsibility while invoking the responsibility of others, the public ought to know where and when the stupendous deficit was incurred. The truth is an impartial witness. The truth is not a candidate for reelection. Fairness and justice require that it be known that all the regular appropriation bills in which the deficit occurred were passed by the last Congress, not by the present Congress at all. Both Houses and the Presidency were in the undisputed control of the Republicans. Since March 4, 1921, continuously for 10 years, the Republicans controlled all branches of the Government. That wily wizard of finance, Andrew Mellon, was at the helm. He dominated the administration. For two desperate years after the panic of 1929 nothing was done to balance the Budget—the magic mariner sighted not the tempest—the captain on the bridge discerned no danger. Don't misunderstand me. The responsibility of a Republican President and Republican Congress for the deficit furnishes no excuse for Democrats to fall in their duty. No matter who is responsible, the deficit is a fact. It is here. The Democratic Party will not shirk. It will not dodge. It holds its duty to its country higher than party. It is willing to lay aside its arms—others ought to lay aside their daggers. Nonpartisan action must save the situation. Our weapons must be directed at the deficit and depression—not upon ourselves.

The present Congress, though elected in 1930, did not assemble until December, 1931, just five months ago. For the first time since March 4, 1919, a Democratic House of Representatives met and elected a Speaker, the Hon. JOHN NANCE GARNER, of Texas.

In the last House the Republicans had more than 100 majority. At present the Democrats have a bare majority of four—a majority so slender as to make party action uncertain and doubtful unless every Member is present.

Under the law it is the duty of the President to submit estimates for expenditures to Congress. He is head of all the departments that spend appropriations. They are headed by members of the President's Cabinet. In December the President, in his Budget message, asked Congress to appropriate for the next fiscal year \$3,942,754,614. How did the Appropriations Committee of the House respond? It cut \$161,455,101.56 below the President's requests. Every department was cut. Both Republicans and Democrats cooperated. The appropriations for 1933 by the House were \$563,601,223.35 below appropriations for the current year.

The Senate made further cuts below the President's requests. Under the leadership of Senator McKELLAR, Democratic member of the Appropriations Committee, 10 per cent cuts were made in the Interior, State, Labor, Commerce, and Justice Departments to the amount of \$18,000,000. The Senate directed a similar cut in the Treasury and Post Office Departments, which, if made, will amount to \$98,000,000. Other bills will be radically reduced. These savings and those of the House approximate \$180,000,000 cut from the Budget requests of the President.

Since December the President has asked Congress to appropriate \$825,000,000 additional.

Months ago Democratic leaders in the House began to plan still further economies of \$200,000,000. The economy bill, after exhaustive labor, was drafted. Many items were eliminated on the floor. Action was not partisan. Democrats and Republicans were on both sides of most proposals. As finally passed, the bill carried reductions of \$42,000,000, or in all \$220,000,000 below the President's requests. The Democratic leadership of the House can not justly be blamed for what happened to that measure. Democratic leadership originated the move for economy. The President did not agree to some of the economy proposals. Confusion and dissension and division resulted.

The Democratic House has been in session for only five months. In five months it alone could not correct abuses which have been growing and mounting for 10 years into a mighty bureaucracy.

In the Senate a bipartisan Economy Committee has been appointed. It proposes to make still further cuts. Democrats in the Senate have voted to cut every appropriation bill. They will continue to do so.

Something has been said of lobbyists. Members of the President's Cabinet have been the chief lobbyists against cuts made by the Senate. Each Cabinet officer who has appeared has protested against cuts in his department.

Every group and interest affected by reductions have also flooded Congress with propaganda. Whenever a bureau is touched by the pruning knife, Members of Congress and Senators are submerged by letters and telegrams of protest.

REMEDY FOR UNEMPLOYMENT—STATEMENT BY AUSTIN E. GRIFFITHS

Mr. JONES. Mr. President, I have before me a statement which has been prepared after very much consideration by former Judge Austin E. Griffiths, of Seattle, Wash., who is known to be a careful student of economic problems. The statement has reference to the situation now confronting us with regard to unemployment conditions and

contains suggestions made after careful thought as to what ought to be done. I ask unanimous consent to have it printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MEMORANDUM ON HOW TO END GENERAL UNEMPLOYMENT

BAD CONDITION

This is the third year of an economic catastrophe. Unemployment spreads. Family reserves are gone. Another winter is coming. All classes are helpless. Confidence has departed. Fear is dominant. It is not poverty nor improvidence. It is not old-time poor nor personal idleness to deal with. It is merciless, resistless, encircling unemployment; out of work, out of position, out of a job that afflicts and decimates and rests like a curse all over the land. Whatever its course may be it is national in effect and result. The cure is beyond the resources and control of States and municipalities. Many will break under the burden. The cure is national in effort, leadership, and resources. Present measures are good, but they do not go deep enough to master the emergency. They do not lead directly to work and everyday business. They do not displace the fatal dole.

CURE IS WORK

Work must be substituted for the prevailing dole—a dollar in money for a dollar in work—mental and manual. These measures do not inspire confidence in the common people—the backbone of the Nation. People in general must be able to get purchasing power before the wheels of industry will start to go round. How can they get it without wage, salary—compensation for something done? The country is fast losing hope in leadership, faith in authority, and respect for our traditions and institutions. Old men are idle; young men are rotting upon the streets; children are in want; business is stopping, even schools are closing. Rental signs, falling prices, and requests for aid are as numerous as the budding leaves of spring, but without their promise. Able and good men and women beg for work and positions for themselves and their families. The masses want work. They are powerless to get it, although useful work and potential enterprise everywhere abound. This is not a picture of ordinary poverty, nor of a limited area of distress. A plague is sweeping, devastating our land. An angel of despair is entering our homes and hovering over our country. The people's morale is falling. Wholesale dole destroys our old spirit of self-reliance. Men who formerly asked for work now take dole willingly—in-different whether they get work or relief. Unemployment saps character. It breeds rankling discontent. Communists, public enemies, thrive upon it like pestiferous flies. The country drifts toward demands for drastic, irresponsible change. This nation-wide pestilence, panic, or depression, so called, must be adequately handled under Federal leadership and direction.

URGENCY

This is imperative to be done before business prostration becomes worse; before social unrest and protest breaks out; before more political strain or political insolvency sets in. Empty stomachs yield only to force.

PUBLIC WORKS

The primary cure is an adequate program of immediate public work.

Combine, correlate, supplement as far as possible national, State, and municipal useful works. Plan and do public work and enterprises, that everybody knows ought to be done sooner or later, and which, when done, will pay for themselves in valuable use.

A person who has traveled over the United States knows the need of such works. There is no limit to their number nor to their usefulness when once done.

The time is ripe to propose such action. States and localities are now sensing the gravity of the crisis. Bond issues for work payment are now proposed instead of dole or hit-and-miss relief.

NATIONAL LEADERSHIP

Let the President call at once, before Congress adjourns, a conference of State, municipal, and Federal official representatives. Let such conference adopt and recommend a program of needed and permanently useful public works and enterprises deemed sufficient under the circumstances for each State.

Let the share of each big city and State be ascertained or approximated and later be authorized and payment provided.

Let the Federal Government authorize up to \$5,000,000,000 for its own work and projects.

This country is so great, so inherently sound in latent spirit and undoubted growth, that such a program could not be inflation. It could sustain a period of justified development, urban, rural, commercial, industrial, agricultural.

For example, one sees miles and miles of farm to market or lateral roads that ought to be graveled—not left in mud, dust, and racking ruts; miles and miles of highways that ought to be paved, and stretches of country without main or strategic highways.

Rivers could be improved for navigation. Big bridges and tunnels could be built; canals made. Power and irrigation could be provided and waste lands reclaimed.

Transportation and distribution facilities and instrumentalities are needed to cut cost between producer and customer.

PAYMENT

Let the Federal Government pay its amount for this purpose in promise to pay paper of convenient denominations. This paper or series to be receivable at par for all Federal services, taxes, charges, demands, or requirements. When once received back, then to be canceled.

This would not be fiat money but value for value. Example: When I was a boy on the farm the farmers of necessity swapped work, or a colt, or horse, or what not, for work or other thing of value or use. Here if A builds for the Government a useful building, bridge, or tunnel, and does an honest job, he receives payment for its fair cost in a million dollars of paper promise. Later, from time to time, in little or big amounts, the Government takes it back as lawful payment for a million dollars of governmental service or demands.

This governmental service or its requirements must be assumed to be useful and fair. Here is worth for worth, value for value. Or let the Federal Government pay its amount in long or short time serial or other type of bonds, delivered in direct payment of such work or pay, from the proceeds of their sale. Interest, if any, not to exceed 2 per cent. Such bonds to be legal tender for all debts and claims—public and private.

Such paper or money is not fiat paper or money, nor inflation.

It would represent honest pay for useful work. Again, when these bonds come back they are to be canceled.

The Government may coin money and regulate the value of money. Better than that is provision for work and service payment. Or let the Government finance such a works program as occasion requires, when its obligations therefor fall due.

The main and central purpose is useful work and satisfactory payment.

Also, no doubt, many undertakings when finished would be self-paying or return their cost in tolls or otherwise.

OBJECTIONS

Bankers and financiers may object. They should be considered but not heeded. They are not masters of any fiscal situation. Bankers have had their way. They know no more of the future, and can see no farther into a millstone than other people.

This is not a bankers' problem. It is the solution of our people's emergency and tragic condition. It is too big and pressing for bankers' control, check, or delay.

Congress no doubt would grant the necessary authority.

EFFECT OF PROGRAM

The instant effect of this program to revitalize the country would drive out fear. Confidence would come back. The effect even before it got started would be dynamic to uplift everyday business. Everyday business of Tom, Dick, and Harry is the life of a nation's trade and commerce.

The ramifications of such a program, carried out under Federal organization and direction, would quickly revive and put new blood into the heart of trade and enterprise.

The foregoing outline merely capitalizes our energy, skill, foresight; our faith in the stability and growth of our country, and places them in immediate productive use.

POLITICAL PROBLEMS AND CONDITIONS—ADDRESS BY GOVERNOR DERN, OF UTAH

Mr. KING. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. George H. Dern, Governor of the State of Utah, at a Democratic victory campaign dinner at Helena, Mont., January 14, 1932. In the address Governor Dern discusses present political conditions, the record of the Republican Party, and the principles and policies of the Democratic Party.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

For nearly 40 years the Republican Party has kept itself in power through a dishonest and untruthful campaign of misrepresenting the Democratic Party as the party of hard times. I find it hard to give any of the intelligent leaders of the Grand Old Party credit for sincerity in that propaganda. To do so is to impugn their intelligence.

They knew, as we knew, that the panic of 1893 came at the close of a Republican administration, and that President Cleveland simply inherited a condition that was built up during his Republican predecessor's term. They knew, as we knew, that the panic broke before the Cleveland administration had done anything that could have changed or affected the situation. And yet, on the contemptible theory that everything is fair in politics, they put all the blame upon the Democratic Party and by means of a great campaign fund made the people of the United States believe their deliberate misrepresentations.

They knew, as we knew, that the disastrous panic of 1907 occurred during the Republican administration of Theodore Roosevelt, and yet they kept right on preaching that the Republican Party was the party of the full dinner pail.

The Democratic Party was forced to bear these taunts and slanders and on account of them to go down to defeat after defeat, but the Republican chickens came home to roost and during the present Republican administration has come a financial typhoon compared with which the panic of 1893 was a summer zephyr. The Democratic Party has been vindicated and Republican hypocrisy has been exposed.

With the Republican Party in complete control of the country, and with Republican policies in full sway, we are in the throes of the worst panic in the history of the United States. There is more unemployment, more hunger, more suffering than this country has ever seen before. Prices of farm products are lower than at any time since the Civil War, and prices of silver, copper, and zinc are the lowest in the history of the world. Merchants have been going into bankruptcy, banks have been falling right and left, and millions of people have had their life's savings wiped out. Never have the American people been so overwhelmed by unhappiness and despair. All this during the reign of the G. O. P.—Great On Promises, not Good On Performance.

It is easy to picture what our Republican friends would be doing now if this national catastrophe had happened during a Democratic administration. If the Democrats had been successful in the last election, and if this panic had come in spite of Democratic control, can't you see the fun the Republicans would be having, gloating over Democratic "incompetency and Democratic blundering"? The same unctious Republican orators would be filling the air with their denunciation and vituperation. And I have no doubt that it would have been so effective that the Democratic Party would by this time have been greatly demoralized.

I regard it as a remarkable exhibition of forbearance that our party, now that the tables have been turned, and that the Republican Party is the party of panic and poverty, has been so meek and gentle with our former traducers. We have been careful not to rock the boat or do anything that might hinder economic recovery. Instead of retaliating as we had a right to retaliate, we have remained silent and have let the facts speak for themselves. God knows the facts are more eloquent than anything we could say. Every man, woman, and child in the United States has been hurt by the collapse of Republican policies, and now sees that the Republican pretense of being the party of prosperity is a hollow mockery.

Abraham Lincoln said: "You can fool some of the people all of the time, and all of the people some of the time, but you can not fool all of the people all of the time." The people of America have awakened to the fact that they have been fooled and betrayed by the colossal stupidity and ineptitude of their smug Republican leaders, and what they will do to the G. O. P. next November—well, just wait and see.

In 1916 the Republicans carried only two States—Vermont and Utah. I can not answer for Vermont, but I can assure you that they stand no show in Utah in this year of our Lord 1932. And inasmuch as a Democratic Congressman was elected in New Hampshire the other day, I have more than a premonition that Vermont will also redeem herself.

The American voter will this year begin to realize that by means of the Republican appeal to party loyalty he has been led like a lamb to the slaughter. The signs of the times are that the people are going to do their own thinking instead of letting selfish politicians do their thinking for them. They are going to see how ridiculous it is to believe it is an unforgivable sin for a Republican to vote for a Democrat under any circumstances.

I do not know of a single honest student of political science who has not denounced that sort of unreasoning and unreasonable partisanship as one of the most dangerous things in our American life. Intelligent voters abandoned that doctrine years and years ago. Their eyes were opened, and they saw that this party-loyalty cry is nothing more nor less than the specious plea of the unscrupulous politician who wants to retain his unholy power. Theodore Roosevelt, the greatest Republican since Lincoln, refused to be bound by any such absurd conception of party loyalty. When the Republican Party fell into a control which he could not approve, he repudiated and abandoned it. Woodrow Wilson's creed on this subject was expressed by him at Indianapolis, January 8, 1915, as follows:

"My friends, what I particularly want you to observe is this: That politics in this country does not depend any longer upon the regular members of either party. There are not enough regular Republicans in this country to take and hold national power; and I must immediately add that there are not enough regular Democrats in this country to do it either. This country is guided and its policy is determined by the independent voter—I am not an independent voter, but I hope I can claim to be an independent person, and I want to say this distinctly: I do not love my party any longer than it continues to serve the immediate and pressing needs of America. I have been bred in the Democratic Party; I love the Democratic Party; but I love America a great deal more than I love the Democratic Party; and when the Democratic Party thinks that it is an end in itself, then I rise up in dissent. It is a means to an end, and its power depends, and ought to depend, upon its showing that it knows what America needs and is ready to give it what it needs."

If the crooked or stupid politicians, by broken promises, by trades, by purchased delegates, and by promises of future favors, can control nominations, and then, on the plea of party loyalty, can induce decent citizens to vote for the candidates so nominated, how are the people ever going to throw off the yoke of machine corruption?

There is only one way in which the people can keep their parties pure, and that is by repudiating them and their works when they fall into evil ways. Parents punish their children when they do wrong in order to keep them in the right way. Why should a political party be immune from similar correction when it has gone astray? What is there so sacred about a political party? It is only an instrument contrived by man to carry out his own wishes, and it ought to be his servant. When it no longer reflects his ideals, and when it seeks to become his master rather than his servant, then it is not only his privilege but his duty to leave it, at least until it again becomes the mirror of his own opinions.

It is fine to be loyal to your party if your party is loyal to you. If it stands for your ideals, for your principles, for your conceptions of honor, decency, and righteousness, and if its nominees are the best-equipped men for the respective offices, you ought to be loyal to it and support its entire ticket, because it meets the ends of good government. But if you know that control of the party has fallen into evil hands, or if it comes out for policies which you do not approve, or if you despise its candidates and their methods, you certainly can not serve the objective of good government by party loyalty.

If a man whom I knew to be corrupt managed by some hook or crook to get on the ticket of my party, would I be any less a loyal party member if I refused to vote for him? Certainly not. Party loyalty is a wicked and dishonorable thing when it asks me to connive at dishonesty or wink at corruption and inefficiency. Indeed, if I have knowledge of any such thing and silently support it, I become an accessory to the offense.

And besides, it is not manly to take dictation from a machine. Why should any American citizen put his brains in cold storage and vote for whatever the machine hands him? What did God give us brains for if not to use them? This idea of knuckling down to some self-constituted authority and humbly doing whatever somebody tells us to do is just the same thing as recognizing the divine right of kings. The proudest boast of every true American must be that he is his own master, and that he will take dictation from nobody on earth. That sort of self-reliance, that sort of willingness to trust one's own judgment, that sort of a refusal to be anybody's slave is what is needed to build up a strong citizenry; and we can not have a great country or a great State unless we have that sort of a citizenry.

And so I think one of the burning issues of this coming campaign is whether the people shall vote their honest opinion, or whether they shall be bullied or cajoled into voting for men and measures that they disapprove in their hearts.

Party ties are not as binding in the United States as they used to be, and Republican pleas for party loyalty will fall on deaf ears when they reach the 7,000,000 workingmen who are walking the streets vainly seeking the means to support their starving families. Republican pleas for party loyalty will fall on deaf ears when they reach the farmer who can not get enough for his crops to pay his taxes and the interest on his mortgage. Republican pleas for party loyalty will fall on deaf ears when they reach the merchant and the manufacturer who are facing bankruptcy and the loss of a life's planning and working.

Already the Republican alibi is at hand. We are gravely told that the depression is not due to the Republican Party nor to Republican policies, but to a world condition over which they had no control and for which they can not be held responsible. They are trying to fool the people again.

It is an immutable law of the universe that for every effect there is a cause. Nothing just merely happens. There is a cause for everything, and there is a cause for the panic of 1929 and the hard times which have been dealing misery to the American people ever since. It is childish in apologists for the present administration to try to lull the outraged voters of this country to sleep by telling them that this depression is due to a world condition and that the Republican Party can not be blamed for it. That kind of soothing sirup is not going to quiet the millions of workers who are already beginning to ask, "What is the matter with our American system anyway? Is it all wrong, and have we got to try something else?" That spirit of revolutionary unrest and resentment is the greatest danger in the United States to-day, and it is time we were sitting up and taking notice.

Of course, the alert voter, when he is told that a world condition is responsible for his troubles is going to ask, "Well, who is responsible for that world condition?" and it is a proper and sensible question that must be answered. It is my deliberate judgment that when it is honestly and correctly answered we shall find that the chaos which now prevails throughout the world has been caused in no small measure by the blundering policies of the Republican Party of the United States of America. They blame the war, but we blame the Republicans for their unenlightened course since the war.

I said a moment ago that it is an immutable law of nature that there is cause for every effect. There is another immutable law which we all learned at school, namely, that reaction is equal to action and in the opposite direction. There is no use trying to get away from that fixed principle. What has it to do with the

depression? Just this: So long as we have booms we must have depressions.

The present depression is the natural and inevitable reaction from a crazy speculative boom, which was born and nurtured during the administration and with the encouragement of that "wise and silent man," Calvin Coolidge, and which grew and finally collapsed during the tragic administration of his successor.

Wisdom and silence do not necessarily go together. President Coolidge was wise because he did not choose to run in 1928, but he was not wise in keeping silent and letting a boom develop which was bound to bring disaster and sorrow to his trusting countrymen. Indeed, he encouraged the boom instead of keeping silent about it.

I accuse the Republican Party of responsibility for the panic and the depression because it made no attempt to check the frenzied orgy of stock speculation with the train of evils resulting therefrom. On the contrary, President Coolidge, Secretary Mellon, and Secretary Hoover from time to time issued statements to the effect that there was nothing unsound in the situation, that prices were not too high, that it was a natural expansion of business, and that we were in a new economic era. Mr. Hoover said poverty had just about been abolished and that in a short time it would be a thing of the past. This sort of optimism coming from the head of the Government attracted thousands of small speculators into the market only to be fleeced when the day of reckoning came, as it was bound to come, and as conservative bankers predicted that it would come.

I can hear Republican apologists lamely asking now, "How were we to know that it was only a speculative boom rather than a period of healthy prosperity?" The obvious answer is that those who have not wisdom enough to tell dizzy speculation from sound business have not wisdom enough to be entrusted with the destinies of 120,000,000 people.

I accuse the Republican Party to-day of not having a program or a single constructive idea for preventing a recurrence of this depression a few years hence. The best that the Hoover administration has to offer is a few palliative measures to go into effect after most of us have gone broke. That and a lot of fine talk about rugged individualism.

What good is rugged individualism to the working man out of a job whose wife and children are hungry, ragged, and cold?

What good is rugged individualism to the farmer whose mortgage has been foreclosed?

What good is rugged individualism to the States which are now paying for the National Government's mistakes? Surely the State of Montana is not responsible for the misery which her people are now suffering. State policies and State actions did not bring on the hard times, and yet the burden is being thrown back upon the States to feed and clothe their citizens who have been made destitute by blunders at Washington.

One shudders at the folly of the administration in starting a program of retrenchment in Government expenditures at this time. It is more important, it seems, to balance the Budget than to relieve the distress of honest American citizens who are ready, willing, and anxious to work but who can find no jobs. It is more important, it seems, to keep down taxes than to make work for the unemployed. Just think of the heartless cruelty of the Federal Government laying off men in an emergency when it ought to make every effort to put more men to work!

The country should be declared in a state of war, not against a foreign foe but against a more dangerous and more destructive domestic foe, named unemployment. Do you remember the war taxes, the Liberty-loan drives, and the Red Cross drives? Do you remember how eager the people were to lay their lives and their fortunes upon the altar of their country? We need that sort of a spirit to-day, but we can not have it without the right kind of leadership at Washington.

I have no doubt that we shall muddle through this mess of bankruptcy and ruin, and that times will get better after a while, although there will be millions who will never get back to the economic security which they enjoyed before the crash came. But in the approaching election the people of the United States are going to look for a new program so that it shall not happen again. They can not get such a program from the Republican Party, for that party is just tinkering up the old machine so that it will run a while and then break down again.

Woodrow Wilson once said the Republican Party had not had a new idea for 40 years. Many people thought he was trying to be facetious when he made that remark; but what he said was literally true. The Republicans have only one cure for everything, and that is to raise the tariff.

For many years the Democratic Party stood for a tariff for revenue only and opposed a solely protective tariff. With the passing decades, however, the country has worked under the protective system until the United States has become thoroughly industrialized, and a revenue tariff no longer fits the situation. The Democratic Party, being a progressive party with its eyes on the future rather than on the past, has therefore changed its attitude to fit the changed conditions, and its tariff policy to-day has four objectives. The first is to provide revenue for the general Government. The second is to equalize the cost of production at home and abroad, to the end that American industries shall not be destroyed by foreign industries which have lower costs. The third is to maintain American wages and the American standard of living. The fourth is to safeguard American agriculture, which has been neglected and almost destroyed by Republican tariff policies.

I accuse the Republican Party of having violated these sound and fair tariff principles and of bringing woe to the American people by so doing.

The Smoot-Hawley Tariff Act is designed to keep out entirely any products that are also manufactured in the United States. It is no longer a competitive tariff but approaches a prohibitive tariff.

The first effect of a prohibitive tariff is to prohibit other countries from buying our surplus products, because they can not exchange their goods for ours. When we sell goods in foreign nations we must take our pay either in gold or in goods. We can not sell to Europe for gold, because Europe, except France, has no gold; and even if it had, and if it made large purchases from us for gold, we should soon have all the gold in the world, and that would be the end of the business. If we will not take our pay in goods other nations can not buy from us at all, and our foreign trade is gone.

President McKinley was the great apostle of protection in his day. In his last speech, which was delivered at Buffalo shortly before he was assassinated, he said a nation can not always sell without buying, and so he advocated reciprocity. His advice was wise and economically sound but was never followed by his party, which has finally enacted a tariff schedule so high that it has practically strangled our foreign trade.

The second effect of a prohibitive tariff is the destruction of international good will. The Smoot-Hawley bill has aroused hatred and bitterness against the United States the world over, because it has destroyed industries in other countries and thrown great numbers of people out of employment. The consequence is that retaliatory tariffs have been erected against us to keep out our goods, and thus our foreign market has been further damaged, and more American workmen have lost their jobs.

The third effect of a prohibitive tariff is to drive our own industries out of the United States into foreign countries, where they employ foreign labor instead of American labor. The retaliatory tariff walls that have been erected against us by foreign nations on account of the Smoot-Hawley bill have made it impossible for our manufacturers to ship their products into those countries. Our enterprising industrialists have therefore gone into those countries, built factories there, employed foreign labor, and manufactured the goods which used to be manufactured in the United States by American labor. I am informed that already 2,000 such American manufacturing plants have been erected in Canada and Europe. Thus has a prohibitive tariff thrown many thousands of American workmen out of employment, thereby contributing to the depression. And yet the Republican Party poses as the friend of the working man.

The fourth effect of a prohibitive tariff is that it lowers our standard of living, because it lowers the purchasing power of our goods. This is so because the surplus products which we formerly sold abroad are now thrown back upon the home market and break down prices. We can maintain home prices only so long as we can get rid of our surpluses.

The fifth effect of a prohibitive tariff is that it has crucified American agriculture. Our farmers raise large surpluses of the staple crops, such as wheat, cotton, and meats, and these surpluses must find a foreign outlet. Foreign nations can not buy our farm products for cash because they have no gold. The only way they can buy them is to trade some of their goods for our wheat, cotton, beef, mutton, or pork. But we have a tariff wall to keep out their goods, so we make it physically impossible for them to buy our farm and livestock products, and our agriculture languishes. Moreover, the same tariff wall which keeps down the price of what the farmer has to sell keeps up the price of what he has to buy. The farmer has been the victim of this tariff game. He has been catching it coming and going. He has been bled white in order to protect the manufacturing industries, many of which were unwisely established. And yet, having once been established, none of us wants to see them destroyed.

The Republicans are trying to fool the farmer into believing that his troubles are due to the depression. If he will use his memory, he will know that he was "deflated" as soon as the war was over. That is to say, the prices of his products dropped immediately after the war, which means that his wages were cut. All other wages remained up, and hence the price of everything he had to buy remained up. This unbalanced condition has made farming an unprofitable business long before the present general depression commenced. Let the farmer beware of the wiles of political quacks who try to make him believe that he will be all right when the depression is over. He has a depression all his own, which was not caused by the panic, and which requires special treatment.

In the presidential campaign of 1928, more than a year before there was any significant sign of a panic or a depression, farm relief was one of the live issues, and the Republican Party solemnly promised to cure the ills of the farmer, and to put him on an equality with those engaged in other industries. After it had won the election, the Republican Party had to make a pretense of redeeming its promise to relieve the farmer and it enacted the Federal farm marketing act. This measure was economically unsound, and everybody who had any knowledge of economics knew that it could not work. It has probably done the farmer a great deal more harm than good. It has cost the taxpayers of the United States \$500,000,000 and, as John W. Davis said the other day, all it has accomplished is that "it has convinced the American farmer that once more he has been handed a gold brick of purest brass serene."

I wonder if the American farmer is going to keep right on committing suicide by voting the Republican ticket, but I have too much faith in his intelligence and common sense to think he will be so unwise.

There is a sixth effect of a prohibitive tariff that must not be overlooked. I can state it this way: The war debts were canceled by the enactment of the Smoot-Hawley bill.

We say to our debtors, "You owe us large sums of money which you borrowed from us, and we want you to pay it back. We will not accept your goods in payment, for we do not want to destroy our industries and throw our people out of employment. We want our pay in gold. To be sure, you have no gold, and you can not get any, for we and France have it all. Now pay your debts!"

It is just as silly as that, and it is highly amusing to see Republican Senators and Representatives swearing they will never consent to debt reduction or cancellation and at the same time voting for higher and ever higher tariffs. Congress may rave as much as it pleases, but so long as the Smoot-Hawley tariff bill remains a law the war debts are as dead as slavery.

We must not lose sight of the fact that before the war the United States was a debtor Nation. We paid our debts and interest charges chiefly with our surplus agricultural products, and thus had a good market for those products, so that our farmers prospered. But we came out of the war a creditor Nation, and we no longer have debts and interest to pay, and hence that market for our farm products no longer exists. We must find some other way to unload our surpluses, and probably this will call for a changed tariff policy if we want to keep American agriculture alive.

The whole tariff question has become tremendously complex, and should be approached cautiously and scientifically. I like the suggestion that the rates should be reduced gradually and on a reciprocal basis.

I accuse the Republican administration, in the present crisis, of adhering to a financial policy and program that is disastrous to every American debtor and producer.

The United States Senate, mindful of the shrinkage in our oriental trade and of the reasons therefor, passed a resolution advising the President to call an international silver conference. The President has failed to act, and nothing has been done.

The President has also let it be known that the United States is determined to stay on the gold standard. The people of the United States should awaken to the fact that their greatest problem to-day is the money problem. They have made a sacred cow out of the gold standard and are blind to the iniquitous effects of that system.

The situation was clearly set forth in a resolution adopted by the American Farm Bureau Federation last month, which reads as follows:

"The present period of depression and the falling price level has increased the burden of taxes, interest, debts, and other fixed costs on all producers to an intolerable degree. It now requires 45 per cent more of all commodities and 70 per cent more of farm commodities to pay these costs than it did a few years ago. The long-continued deflation is crushing farmers, merchants, transportation agencies, and all manufacturers except a few most favorably situated, and has caused a declining price of property to such an extent that it has largely eliminated equities and is affecting basic securities to such an extent as to seriously impair the stability of our banking and insurance institutions, thereby endangering the welfare of the general public. It is causing a lowering of all wages and salaries, a process which has only started and which must of necessity lower the standard of living if continued.

"The principal cause of this deflation of values is monetary. When the price of any one commodity falls many causes may be responsible. When the average price level of all commodities fall with the rapidity of the last few years the principal cause is a shortage of money and credit in actual use. Commodity prices are expressed in this country in terms of dollars. Every purchase and sale is the exchange of commodities for dollars. When dollars are scarce it takes a larger amount of commodities to get them. In other words, money is at one end of the balance, commodities at the other. Add to the effective supply of money and prices go up. Reduce the effective supply and prices come down. The above statements are justified and supported by the incontrovertible evidence coming from the experience of all former depressions. The problem divides itself into two parts—first, the restoration of the price level, and, second, the stabilization of the purchasing power of money."

Let me restate and amplify the argument in my own words.

We are in the habit of complaining about low commodity prices. It is true that all commodity prices have gone down in terms of money and we jump at the conclusion that it is due to overproduction. But I call attention to the fact that not merely a few commodities have gone down but every one of them has gone down. I also call attention to the fact that they have all gone down in about the same proportion. Is anyone so simple as to believe that there was the same degree of overproduction in each and every one of them? It would be silly to make such an assertion.

When we examine commodity prices in terms of each other instead of in terms of money, we find that they have not fluctuated violently. A bale of cotton will buy about as many pounds of copper as it would when the price level was higher, and so on all through the list of commodities. It is only when we measure them in terms of gold that they have gone down. A gold dollar

now will buy two or three times as much wheat or cotton or lumber or oranges or copper or lead as it would buy two years ago. What does that mean? It simply means that the value of gold has gone up and is now at an enormous premium.

There is a considerable degree of misapprehension about the function of gold as money. A common fallacy is that gold is nothing but a measure of values, and that it really does not make any difference whether the measuring stick be made of gold or of wood so long as it correctly measures the relative values of goods. As a matter of fact, however, by making obligations payable in gold we have made gold subject to the law of supply and demand, the same as any other commodity. When gold is scarce, as it is now, with most of the world's supply locked up in the United States and France, or hoarded in socks, mattresses, and safe-deposit boxes, and with credits practically withdrawn, its value goes up. We are on the gold standard, and all our dollars are gold dollars. These gold dollars are hard to get, and the producer who needs dollars to pay his debts and taxes has to let go of two or three times as much of his product as he did when gold was at par, so to speak.

The depression which has paralyzed the world is due to an increase in the real value of gold, measured by its purchasing power. If it takes two or three bushels of wheat to buy a gold dollar where formerly it took only one, has not the farmer been adversely affected by the advance in the real value of gold? Many wage reductions have been put into effect in the United States, which simply means that the working man must now give more of his labor for a dollar than he gave before.

The trouble is that our gold dollar is a very unstable dollar. First it goes up and then it goes down. When it goes up, God help the poor fellow who owes debts or taxes, for those debts and taxes are all payable in the same old gold dollar, and he must get that gold dollar, no matter what he has to pay for it. He must sacrifice his crops, or his manufactured products, or his stocks and bonds, or his real estate for whatever they will bring in order to get the gold dollars with which to pay his obligations. And of course the man who collects the debt is collecting more real value than the debtor contracted to pay, for the dollar which the creditor receives will buy twice as much produce, or manufactured goods, or stocks and bonds, or real estate as he expected. Pretty soft for him, as the schoolboys would say, provided he can collect. But if the debtor is unable to pay, the creditor loses too, unless he takes over the collateral and holds it until its price goes up again.

That is what is the matter with the debtor and taxpayer, which means all of us. If he is to have relief and a square deal he must get gold back down where it belongs. He must have a stable money so that when his debts and taxes fall due he will have to pay what he promised to pay, and no more.

Is it not a pity that we have apparently committed ourselves to a policy that is breaking every debtor in the country? Why should our Government be so solicitous of the interests of the creditors and so careless of the debtors? The dollar has become too dear. It must be cheapened, or we will all go to smash.

There are several ways to cheapen the dollar. We might go off the gold standard entirely, as most of the world has already done; we might reduce the gold content of the dollar; or we might make a larger use of silver as money. Every consideration seems to favor the third alternative, namely, making a larger use of silver as money.

Money is a commodity, and the more money we have the cheaper it is and the higher prices are. We need to inflate our currency within safe limits in order to restore the price level. If the price level is not restored, wage reductions are inevitable, for business can not be indefinitely conducted at a loss. And wage reductions mean a lower standard of living.

One of the economic follies of the Hoover administration has been its vain insistence upon maintaining wages in the face of the paralyzing effect of falling prices. That simply can not be done very long, for business can not operate indefinitely at a loss. If Mr. Hoover wants to maintain wages, as we all do, he must devise some way to maintain prices. The way to maintain prices is to increase purchasing power, and the way to increase purchasing power is to put more money into circulation, which is usually called inflation.

Purchasing power means money, whether in the form of coin, bank notes, or bank credits. If a bank makes a loan and places the amount to the credit of the customer, so that he may check against it, the result is just the same as if he had so much gold in his pocket. Bank credits ordinarily form a large part of the country's money, but there must be a gold reserve behind bank credits. In a panicky time like this, when confidence is gone and depositors are nervous, one can hardly get a loan at a bank even on Liberty bonds, and hence the form of money represented by bank credits has shriveled up, or deflated. Gold alone is not plentiful enough to do the Nation's business. We need more money.

The best way to inflate the currency within safe limits is to enlarge the use of silver. There should be an international conference of competent experts to study the whole subject and to agree upon a program that will be fair to all and economically sound. I have no doubt that such a conference could devise means to restore silver at least to its pre-war status, to the great profit of all mankind.

I should like to say more about silver, but this is a political speech, and we want to keep the silver question out of politics. I mention the money question only to emphasize its importance and to show how necessary it is to consider it in a spirit of

justice between man and man. I maintain that the single gold standard has proved monstrously unjust, and it certainly is not the last word in finance.

I accuse the Republican Party of large responsibility for the world depression through its foolish policy of national or economic isolation.

I am aware that there are a lot of timid souls in the United States who have an inferiority complex, and who are afraid to have our great country take its rightful place in world leadership. They say we ought to stay at home and mind our own business. That sounds fine, and I am in favor of it, in so far as our business is at home. But if we have business away from home I am in favor of minding that, too. The prudent and successful business man minds all of his business, for if he neglects part of it the whole concern may go to pieces.

And, of course, we have business away from home. Without foreign trade we can not prosper and foreign trade creates all sorts of international relations. It is sheer nonsense to say we ought to stay at home and mind our own business. We are in the world. We are part of the world, and we can not avoid participating in its affairs, any more than a decent citizen of Helena can stay in his own house and avoid participating in the affairs of his city.

The trouble is that we have been staying at home and minding our own business too much, and now look at the fix we are in. Senator CORDELL HULL claims that it has already cost the United States \$25,000,000,000 to find out that economic isolation is impossible.

Our Government owes it to its people to follow the policy laid down in Jefferson's first inaugural address: "Peace, commerce, and honest friendship with all nations, entangling alliances with none." We may take our place as a world leader and cooperate with the rest of the world for the common welfare without getting into entangling alliances. And for our own prosperity and economic well-being we absolutely need and must have commerce and honest friendship with all nations.

I have confidence in American brains and American ability, and I believe our representatives can hold their own in any company. It makes me angry when some wise cracker says we have won every war and lost every conference we ever got into, and I despise the counsel of cowardice which tells us we are too dumb to confer with other countries.

The Republican Party says we are suffering from a world depression, and that we are on the rocks because the whole world is on the rocks. Well, what is the Republican Party doing about it? Is it taking any steps to get the world off the rocks? Not so you can notice it. As Nicholas Murray Butler said recently, we are just a magnificent Micawber, waiting for something to turn up. We are staying at home and minding our own business. Why should we be so timid when timidity has proved so costly? Why shouldn't we bravely and manfully assume the position of world leadership, and work for a higher civilization that shall extend to the uttermost ends of the earth?

If we could simply raise the rest of the world to our own standard of living there is business enough in sight to keep us prosperous for 200 years. But we are shutting our eyes to our great opportunities. Instead of helping other nations to rise we seem to swat them whenever we can so as to keep them down, on the theory that we can get rich by keeping other nations poor. We are making ourselves ridiculous by building a fence around the United States and trying to live within that fence.

I have already taken too much time in discussing a few of the problems that are crying for solution, and that have helped bring on and prolong the depression. Surely I have said enough to show how dismally the Republican Party has failed. It has bankrupted most of the people of the United States, and no wonder, for it is bankrupt itself. It is bankrupt of leadership, bankrupt of ideas, bankrupt of human sympathy, and almost bankrupt of members.

Members of the administration are already taking to the lifeboats. Obviously the Republican administration to-day is a sinking ship. Charles G. Dawes has announced that he is going to resign as ambassador to Great Britain and go back into the banking business at Chicago. Was he dissatisfied with the administration's bungling foreign policy and its lack of candor with the American people in regard to the war debts?

Vice President Curtis has just about announced that he did not choose to run in 1932; was he convinced that his refusal to be a candidate would be regarded as a repudiation of his party's record, just as failure to renominate Mr. Hoover would be a confession of Republican failure, and that it was his duty to sacrifice himself?

The Republican Party is a heterogeneous crowd, and nobody knows what it stands for, or where it is going. It has in its ranks both reactionaries and progressives, but the reactionaries are always in control.

The Democratic Party in both Houses of Congress is giving a fine example of unity of purpose and of sober realization of its responsibilities. It is considering the problems before it with a sympathetic, progressive viewpoint and a patriotic desire to bring back business stability and economic order; to give all of our people a satisfactory income from honest labor, and to restore to them the right and opportunity to earn a living; to let every section of the country enjoy the fruits of its labor, so that no large group shall live at the expense of another group; and to win for America again the position of world leadership, respect, and affection which she had attained under the inspiration, the vision, the

justice, the courage, and the moral purpose of her great idealistic war President, Woodrow Wilson.

Victory in the coming election is certain. Although the Democratic Party was overwhelmed in 1928, the people are calling it back to power, to lead them out of the wilderness. We should all be sobered by the magnitude and the responsibility of the task that is about to be placed in our hands. But with a firm resolution to do the right as God gives us to see the right, we go forward to victory and to our country's service confident and unafraid.

SALE OF COTTON AND WHEAT FOR SILVER

Mr. CONNALLY. Mr. President, I have a letter from the distinguished member of the State Senate of Texas, Senator J. W. Stevenson, which I request may be printed in the RECORD, together with a short excerpt from an article accompanying the letter.

There being no objection, the letter and excerpt were ordered printed in the RECORD, as follows:

THE SENATE OF THE STATE OF TEXAS,
Austin, May 10, 1932.

Senator TOM CONNALLY,

Washington, D. C.

MY DEAR SENATOR: I want to submit a proposition that I think will help in this financial depression, although not effect a complete cure. That is that surplus cotton and wheat be sold abroad for silver, the silver bars to be deposited in the United States Treasury and silver certificates, made legal tender, issued against them. This system prevailed for many years before the seventies; in fact, silver was money from the days before Christ till 1873.

I am not arguing for free and unlimited coinage of silver nor on a basis of 16 to 1. These are subjects for the Congress to determine under our laws. I believe there should be some limit on the coinage of silver and a ratio—not 16 to 1, but more nearly in accordance with values. Not being an economist, I will make no suggestions along these lines, but you can have the work done in a week and pass the bill in 10 days.

I notice Senator BORAH advocates an international Congress to standardize silver. I fear the Senator is fixing things for another of "them things" at Geneva, which I abhor. The United States can standardize silver at a ratio for surplus wheat and cotton without losing anything, for the surpluses are practically a dead loss anyway. Then perhaps other nations will drop in and agree just once with this country.

I have in mind that the peoples who are hungry and naked are India and China. And these are the two peoples having quantities of silver in hoarding. Give them a chance and the trade is on, perhaps through Liverpool and Lancaster, perhaps New York, and perhaps directly. Exchange does not mean the direct trading of money. A Shanghai merchant may deposit silver in his bank for the credit of its New York correspondent, and the New York correspondent will make shipment at once. The adjustment of money in the transaction may go through a dozen banks.

But bear in mind that the silver shall be used only for the purchase of surplus cotton and wheat in the United States. Get these two products going and the wheels of commerce will commence going round again; and while we may not have the inflation of 1928, we will get out of the depression of 1932. Later on other products may come into the plan, and it will be our Congress, not an international talkfest, that will start things going.

I submit these propositions with some humility, because I do not pretend to be a financial expert. Yet if you will read the inclosure you will find that when I was deputy comptroller of New York City I designed a sinking-fund plan that cured a defect in the finances of the city that was approved by the elder J. P. Morgan; Seth Low, then mayor of the city; and by practically every bank president of the city. The plan, let me add, was successful in every respect.

Yours very sincerely,

J. W. STEVENSON,
Victoria, Tex.

JAMES W. STEVENSON, FORMERLY COMMISSIONER OF BRIDGES, NEW YORK CITY

When Mr. Stevenson was appointed deputy comptroller the legal technicalities affecting the sinking fund of the city produced an unnecessary accumulation which in the life of that fund would exceed \$300,000,000. He prepared a bill which corrected these conditions and remedial legislation was secured with the result that the unnecessary accumulation in that fund is now used to reduce taxation. During the years 1903 to 1907 over \$54,000,000 of surplus revenue was used for the reduction of taxation. The taxes for each of those years was reduced by more than 10 per cent. For the next succeeding 20 years the reduction will be still greater. His work in establishing the sinking fund of the city on scientific principles was recognized as a master stroke in municipal finance and was highly commended by the papers of the entire country. His plan received the personal indorsement of the presidents of the larger banks and eminent financiers. Among others who wrote letters approving it was Mr. J. P. Morgan.

Mr. Stevenson was secretary of the board of estimate and apportionment for four years. His advice as to policy and expediency in connection with many important matters decided by that board

was a potent factor in the development of many large public improvements.

RECESS

Mr. McNARY. I ask that the Senate carry out the unanimous-consent agreement entered into earlier in the day and take a recess until Monday at 11 o'clock.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

Thereupon (at 2 o'clock and 30 minutes p. m.) the Senate took a recess until Monday, May 16, 1932, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

SATURDAY, MAY 14, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Blessed Heavenly Father, we praise Thee for Thy thought and teaching and for the many disclosures of divine revelation. There is no lasting worth of character only as it finds its source and ideals in the truth of the eternally righteous God. In the realm of the present-day circumstances, circled by questions and problems unprecedented, O do Thou direct us and allow us not to be dismayed. Breathe upon our purposes and ambitions. Reveal unto us the fairer uplands of the soul which are attainable. May we be keenly sensitive of our mission and our calling by our Republic, so that we shall be justified by our devoted, wise, patriotic service. In the name of Jesus, our Saviour, we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed, without amendment, a joint resolution of the House of the following title:

H. J. Res. 382. Joint resolution making an additional appropriation for printing and binding for Congress for the fiscal year 1932.

The message also announced that the Senate had agreed to the amendments of the House to a bill and joint resolution of the Senate of the following titles:

S. 4193. An act to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock; and

S. J. Res. 36. Joint resolution to change the name of the islands of "Porto Rico" to "Puerto Rico."

ENROLLED BILL AND JOINT RESOLUTIONS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 382. Joint resolution making an additional appropriation for printing and binding for Congress for the fiscal year ending 1932.

The SPEAKER announced his signature to an enrolled bill and joint resolution of the Senate of the following titles:

S. 4193. An act to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock; and

S. J. Res. 36. Joint resolution to change the name of the island "Porto Rico" to "Puerto Rico."

LIGHTER-THAN-AIR AIRSHIP MAIL

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent to have until Thursday night next to file minority views on the bill H. R. 8681, the lighter-than-air airship mail bill.

The SPEAKER. Is there objection?

There was no objection.

AMMONIUM SULPHATE

Mr. CRISP. Mr. Speaker, I present the following privileged resolution, as amended, from the Committee on Ways and Means, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 213

Resolved, That the Secretary of the Treasury is hereby requested to submit to the House of Representatives as soon as practicable all the testimony, evidence, exhibits, documents, and records presented in or pertaining to the investigation conducted by the Secretary of the Treasury under authority of the antidumping act, 1921 (U. S. C., title 19, secs. 160-173), relating to the importation of ammonium sulphate.

With the following committee amendment:

Line 1, after the word "that," insert "if not incompatible with the public interest."

Mr. CRISP. Mr. Speaker, the gentleman from South Carolina [Mr. FULMER] introduced this resolution, asking for the evidence presented to the Treasury Department on an application to invoke the antidumping law in respect to the importation of sulphate of ammonium, which is now on the free list. The Treasury Department has not yet decided the case or reached a decision in the matter. Under the rules of the House, as we all know, a resolution of inquiry is privileged, and unless a report within seven days is made, a motion to discharge the committee from further consideration of the resolution is privileged. In the committee there was some opposition to the resolution. The committee adopted an amendment which they recommend to the House to accept, to the effect that the Secretary of the Treasury be requested to send the information if it is not incompatible with the public interest. Those are the facts in the case.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. CHINDBLOM. Mr. Speaker, I shall not interpose any objection to the passage of this resolution as speedily as may be, but I do want to voice for the Record my opposition to the passage of a resolution of this kind, which calls for the production to the House of all the testimony, evidence, exhibits, documents, and records, matters very clearly of a confidential nature, which have come to the Treasury Department in the course of an investigation of violations of the antidumping act. In my opinion, if this shall become anything like a common practice, it will utterly destroy the possibility of the Treasury Department and of the Tariff Commission securing evidence from outside sources, because, if these matters can not be treated confidentially by the representatives of the Government who obtain this information from manufacturers, producers, and tradesmen, then, of course, we will never get the information. The committee amendment, reading "if not incompatible with the public interest," will, in my opinion, protect the Government as well as private interests in this particular case, but the House should not put a question of this kind up to the department. We have no right to expose information of this kind to either competitive or inquisitive scrutiny, after it has been obtained for the Government's own purposes with no disclosed purpose of intended publicity. Indeed, if such publicity were intended, the information would probably never be obtained. No business interest would disclose its costs of production, sales prices in different markets, and other competitive conditions, even for the use of the Federal Government, if that information is to be disclosed to the world.

Mr. CRISP. Mr. Speaker, I move the previous question on the resolution and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

On motion of Mr. CRISP, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

VOCATIONAL REHABILITATION

Mr. BANKHEAD, from the Committee on Rules, presented the following privileged report from the Committee on Rules, which was referred to the House Calendar and ordered printed: